

Focus on **Supporting
Our Communities**
Annual Financial Report | FY12



Idaho State
UNIVERSITY



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Message from the President

Every day, scientists at Idaho State University are making new discoveries and answering questions that could impact our lives in the future.

In May 2011, Idaho State University, seeing a need for more unique research facility space, purchased the former Ballard building on Alvin Ricken Drive in Pocatello, and the Idaho State University Research and Innovation in Science and Engineering (RISE) Complex was born.

Researchers began moving into the facility in November 2011, and less than a year later, the complex is supporting national research in fields from national security to nuclear energy.

The RISE complex and other research endeavors at the University are succeeding through partnerships with businesses, government agencies, other universities and scientists from around the world. The equipment and expertise at Idaho State University benefit both businesses researching new ideas and faculty seeking to answer important questions in fields such as energy, health care and homeland security. Our research portfolio is also benefiting our students, who are able to get real-world experience in first-class research facilities.

At Idaho State University, our students come first. One of our goals is to ensure that students, with their varying needs, have access to a great educational experience. This year we have continued to grow our online course selection, giving students flexibility in obtaining their goals. This year, more than 6,000 students took at least one course online.

We are also working to ensure that students have the best start to a good education. Our Early College program, where students can take college courses in high school, gives promising students a head-start on higher education. This year, 1,700 students took part in the program, earning more than 10,000 credit hours.

Idaho State University has been able to continue the Career Path Internship program for a third

year. Through the program, businesses and faculty members are able to offer work to bright students who need both a job and work experience. The University funds the position, and businesses offer an opportunity to learn in a real-world environment. In a short time, we have been able to increase the funding for student work to \$1.4 million, and to offer paid work experience to both undergraduate and graduate students, improving their career options. It is a benefit to both the student and the community.

The benefits we provide in the community are also shown at the Idaho Museum of Natural History, a state treasure where we can learn about the past and gain knowledge for the future. The museum has served nearly 10,000 K-12 students through educational programs and tours, but it is also home to new field research projects in botany, paleontology and archeology. It has become a place where top-quality research combines with community education and spirit to create something we can all be proud of.

And the research being done through the Idaho Museum of Natural History is getting noticed. Recently, the museum entered into an agreement with the Smithsonian Institute. The institute began a two-year collaboration with the museum's Virtualization Laboratory to digitally scan bone artifacts and other items from the Smithsonian collections to create 3-D digital records. In addition, the Idaho Museum of Natural History will be able to display collections from the Smithsonian Institute, and offer Smithsonian outreach programs to the community.

At Idaho State University, we have been able to increase our services to students while decreasing our debt.

This year has been one of great successes. With faculty, staff and students working together, our institution has been able to move forward and continue to offer outstanding opportunities for research, education and community.

Helping Across the World

HIV testing is not usually a trip highlight, particularly in a Ugandan orphanage. The Nsumba Orphanage is filled with 500 children, most of whom lost both of their parents to AIDS. This group of beautiful children is the living toll of a disease that has claimed the lives of more than 1.3 million Sub-Saharan African mothers, fathers, sisters, and brothers in 2009 alone.

In the summer of 2012, ISU-Meridian sent a healthcare team to the Nsumba Orphanage, including ISU faculty Judy Thorne (the HIV and viral hepatitis educator), Dr. Margaret Doucette, Dr. Gabriel Bergen, and Academic Dean Bessie Katsilometes

along with audiology doctoral student Nicole Butler. Together, they provided audiological testing and physical exams, including HIV testing for 167 children.

The team tested for HIV knowing that they would almost certainly be telling some young boy or girl that their future was going to be complicated by a disease that had already devastated their childhood. It was not going to be easy, but the caring medical delegation knew that it was necessary.

The worried team tested each child. The results came back, one by one: negative. Every one of the 167 children that they tested was free of the disease that had stolen their parents. Now armed with a solid education from ISU's medical team, each one of those children can

remain free of that devastating disease.

It is all part of ISU-Meridian Health Science Center's mission to do more than simply turn out capable medical practitioners; they want to teach their students how to use those skills to better the world in profound and ongoing ways.

This trip was the second annual delegation to the Nsumba Orphanage. Thorne, Doucette, and their team continued the work that they had started the year before. They want to expand their services in years to come. The educational opportunity is as vital to their students as it is to the orphans that they serve.

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ISU's goals for this trip went beyond providing ongoing medical care by a few practitioners to a few patients. As valuable as those services

are, the team saw new ways to impact Uganda in more profound ways.

ISU-Meridian Academic Dean Bessie Katsilometes met with representatives of Uganda's largest health science university to discuss establishing an educational partnership with ISU. With that kind of partnership, Uganda can draw on the knowledge and expertise of ISU to strengthen its own medical infrastructure. With caring medical professionals from all over the world working together, those 167 HIV-free children can expand to 167,000 and then, hopefully, conquer the virus altogether.

Helping the orphans in Nsumba, Uganda.



Easing Idaho's Burden

Idaho needs more primary healthcare providers like physician assistant Amy Ellsworth, and ISU's Physician Assistant (PA) program is working to train more just like her. With Idaho's ranking at the bottom of the nation for doctors per capita, the entire system needs more well-trained providers. PAs and other mid-level providers fill those gaps, often serving as a bridge between a doctor and a rural patient. PAs take complete medical histories, perform physical examinations, order and interpret diagnostic studies, such as laboratory tests and x-rays, and diagnose and treat patients. They can bring a physician's knowledge into the communities where it is needed most.

Since her graduation from ISU-Meridian last August, Ellsworth has been practicing with Dr. Emily Petersen, a nephrologist who cares for patients with kidney disease and failure. Kidney disease can be devastating, often requiring intense treatment programs like dialysis, which can take up to twelve hours a week to administer. Dialysis patients in Idaho's small towns would normally have to travel into larger cities to get treatment because a small town usually cannot provide that specialized treatment. That makes a difficult treatment so much worse. Adding hours of travel time to an already time-intensive treatment is exhausting on both patients and their caregivers alike.

Ellsworth's training at ISU was excellent preparation for her rural work. Her mentor, Anntara Smith, was a fantastic resource during her training and continues to provide her expertise.

To help ease that burden, Ellsworth travels to five different satellite clinics that range from Sandpoint to Moscow. She sacrifices her travel time so that her patients won't have to sacrifice theirs, making their lives a little bit easier. With guidance from Dr. Petersen, Ellsworth's excellent medical training provides care far

from their home clinic, extending essential treatment deep into Idaho's small towns.

Ellsworth's training at ISU was excellent preparation for her rural work. Her mentor, Anntara Smith, was a fantastic resource during her training

and continues to provide her expertise.

The ISU-Meridian faculty encourages all of their students to see their role in the larger community and gives them opportunities to give back.

One of Ellsworth's favorite projects was an educational piece on diabetes for PBS. It was a collaboration of students from both Meridian and Pocatello. The students got to show off their creative sides while practicing the science that they love. (Apparently fellow student Kelsey Babcock is both a great medical practitioner and actor.)

Ellsworth knew that she wanted to do more and to be more. She wanted a fulfilling career where she could change lives. Being a PA has given her that. In return, she gives back to the communities she serves.



Amy Ellsworth, a Physician Assistant



Focus on Idaho Falls

Valuable Connections

ISU-Idaho Falls student Mike McCarty speaks in a strange dialect filled with terms like *kinematics*, *angular velocity* and *hydrostatic*. This dialect sounds a lot like English but is almost incomprehensible to mere mortals outside the field of mechanical engineering. ISU-Idaho Falls has lots of students like McCarty who are fluent in engineering. ISU-Idaho Falls' relationship with the Idaho National Laboratory (INL) creates, among other things, lots of brilliant engineers.

Among its many partnerships, ISU-Idaho Falls is the contracted educational provider for the INL, Idaho's second largest employer. The INL has a strong need for highly-skilled personnel and works with ISU-Idaho Falls to make sure their needs are met. The INL funds tuition, books, and fees for its employees who want to further their education, and nearly all of them study

at ISU-Idaho Falls. INL also partners with ISU to create and help fund curriculums that suit their long-term employment needs, which will certainly include hiring students like McCarty.

When McCarty left the armed services, he was looking for his next challenge. A university education was a given. Looking over ISU's offerings, he decided that mechanical engineering combined his need for intellectual stimulation with his love for building. He loves figuring out how things work and how to make them function better. Mechanical engineering fits him perfectly.

McCarty takes full advantage of ISU-Idaho Falls' engineering classes. The engineering courses are incredibly demanding, pushing him to grapple with advanced math and physics. He loves the challenge, believing that hard work always



pays off with a greater reward. McCarty sees engineers as innovators, creators, and pragmatic dreamers who make things work. Anyone can come up with an intriguing idea, but it takes an engineer to make that idea functional. Only then is it capable of changing the world, and McCarty looks forward to changing the world. Every engineering class he takes gets him closer to being able to do just that.

Those classes are available to him because of the ISU/INL partnership. By working together, the University can offer a broader and deeper range of classes in Idaho Falls. That range extends far beyond engineering classes. About two-thirds of INL's workforce is ancillary services like accounting, and ISU-Idaho Falls helps to prepare them all. In a large range of disciplines, ISU-Idaho Falls students leave the University fully qualified and with strong ties to a highly motivated local employer.

ISU-Idaho Falls' vocabulary is far more familiar than engineering's, but it is just as crucial to changing the world: it is always striving to connect, collaborate, and cooperate with other institutions to give its students the best network of educational opportunities available. The campus has official partnerships with the University of Idaho, Eastern Idaho Technical College, the Center for Advanced Energy Studies, and Brigham Young University-Idaho. Those partnerships provide benefits to students, institutions, and employers alike. Students like McCarty get access to the best education possible, institutions get to combine resources to push further into new frontiers, and employers get a highly skilled, homegrown workforce that is ready to change the world. Those are words that everyone loves to hear.



1st and 2nd graders at Lincoln Elementary, Twin Falls. Photo by Drew Nash of the Times-News in Twin Falls.

Read and Feed Program

Do you want to see joy? Hand a six-year-old a present in December. Now, take that joy and multiply it by more than 150 times. That equals some serious happiness. Bringing serious happiness to the students of Lincoln Elementary was exactly what the ISU-Twin Falls and College of Southern Idaho (CSI) Read and Feed team set out to do.

Chris Vaage, the director of student services at ISU-Twin Falls, organized the Read and Feed as a collaborative effort of ISU-Twin Falls and CSI's education departments. Students and faculty from both campuses collected new and gently used books to give to young students. A book is a lovely present all by itself, but everyone knows a good book is better with snacks. So, the team paired every book with healthy snacks like granola and pretzels and tucked it all into new backpacks to give to excited first and second graders.

This was just the kind of service opportunity that Chris wanted to provide for ISU/CSI

elementary education students. She sees teaching as far more than just employment; it is a demanding calling. Teachers give back to their communities in countless ways throughout their careers, both in and out of the classroom. The Read and Feed seemed like the perfect pathway to introduce future teachers to the public service that their job will certainly require.

When she considered where the Read and Feed should take place, Lincoln Elementary School was the natural choice. Every ISU/CSI elementary education student completes part of their student teaching at Lincoln Elementary where they see the unique needs of Lincoln's student population. Twin Falls serves as a federal refugee center, providing political asylum to people from all over the world that often arrive in Twin Falls with little more than a fervent desire to start a new life. Many refugee children are students at Lincoln Elementary, which brings a fascinating range

of educational challenges to the teachers that serve them.

When Chris Vaage presented the Read and Feed idea, ISU/CSI students and faculty alike embraced it, certain that it would truly make a difference in each little Lincoln Elementary student's life. So everyone went to work. They gathered books, filled backpacks, and brought them all to Lincoln Elementary where an assembly of first and second graders was waiting for them. Dressed up in holiday regalia, the ISU/CSI team presented a short holiday

program and then handed out presents. There was happiness on every child's face as they opened the new backpacks and showed off their new books to their friends. Vaage loved seeing them so excited about reading, talking about books with the same enthusiasm that kids usually spend playing video games.

The first and second graders were definitely happy, but the adults were happier still. Teachers and future teachers alike saw their hard work added to a bold vision that equals exciting life-changing experiences for all.

Improving K-12 Education

The ISU-Twin Falls elementary education program spreads far beyond the campus. Its graduates teach in every school in Magic Valley in every position in the academic system. Teachers, administrators, coaches, counselors, and many others have gotten their training at ISU and then stayed in Twin Falls to pass that along to their students.

In 1995, Idaho's State Board of Education issued a challenge to create better prepared and fully core-competent K-12 teachers. Many teachers were retiring and would need to be replaced, but the State wanted more than just simple replacements. They wanted a visionary staff prepared to find and implement superior primary and secondary school curriculums.

ISU-Twin Falls answered that challenge by partnering with the College of Southern Idaho to create the Elementary Teacher Education and Certification Program. With their combined resources, Magic Valley students can complete their entire training, including their teaching internships, all while staying in their rural hometowns.

The dedication to educating local students has paid generous dividends. The teachers who train there usually stay there, passing on their hard-earned education to their young pupils. For example, Lincoln Elementary in Twin Falls currently has 28 teachers on staff, and 57% of those earned their degrees right there in Twin Falls.

That is no accident. Lincoln Elementary's Principal, Beth Olmstead, purposefully seeks out ISU-Twin Falls graduates because she knows exactly how well they are trained. She took full advantage of the Elementary Teacher Education program herself, completing all of her bachelor's degree in Twin Falls. Hungry for more, she then went on to complete ISU's Master's of Education in Administration.

She has turned her school into an extension of the campus, offering pre- and full-internship placements there. Her experienced teachers share their expertise with student teachers, guaranteeing that Twin Falls will give their K-12 students a stellar education for years to come.

Growing Online

ISU's growth in online courses has been spectacular. For example, the College of Arts and Letters began offering online classes in 2010 with 13 classes, primarily general education credits. Students immediately filled every spot and then filled all the waiting lists. With that obvious demand, the department offered 30 classes the next fall with a mix of general education and advanced classes. Again, every section was full with waiting lists. So, they offered 56 online classes in Fall 2012 with 68 online classes coming in Spring 2013.

ISU is building its online presence because its students are desperately in need of it. Our students crave ISU's quality education in an online environment that can be more flexible than the face-to-face classroom. Most of our students are juggling jobs, families, and other concerns that make a traditional academic schedule challenging at best and impossible at worst. Many students are waiting for the classes they need to be offered at a time when they can take them, often delaying graduation for semesters or even years.

By offering greater scheduling flexibility, students can work through their course of study faster and enter the workforce better prepared for the technologically intense world that awaits them. By offering these courses rather than losing our students to private institutions who often fill this need, ISU can guarantee the quality of the educational experience, whether it is given in a physical classroom or a cyber environment.

Online education is a growing and essential piece of ISU's mission to advance scholarly and creative endeavors throughout the state by providing a quality educational experience to the people of Idaho. ISU is preparing for the time when we can vastly extend our enrollment to students who would otherwise be completely unable to attend college at all. Soon, we will be able to reach into our smaller, geographically isolated towns. Online education is one way to provide a flexible educational infrastructure without forcing Idahoans to abandon the small towns that they love.





Landscape and Grounds crew at work

Making Things Better

ISU Landscape Superintendent Chris Wagner and his grounds crew are always working to make the campus more inviting and more accessible to the thousands of people ISU welcomes each day. It is a huge task. His team plants approximately 9,800 flowers annually, cares for more than 2,100 trees, clears sidewalks, reseeds grass, and a plethora of other maintenance and beautification projects.

Wagner's team got a powerful ally this year in Jack Wheatley and the Wheatley Foundation. The Foundation has donated more than \$1 million to ISU including a scholarship fund for Marsh Valley students and funding for a long-term campus-wide beautification project. That donation has already provided the new trees that now line Bartz Field and Drive and a new

walkway that connects the Kegel Liberal Arts Building with 5th Street.

Mr. Wheatley didn't wait to be asked for help. He simply saw a need and offered to fill it. His generosity was inspired by his belief that beauty and excellence go together. By improving the beauty of the campus, he could improve the learning experience of everyone who steps onto it.

The Wheatley Foundation's generosity, Wagner's team's hard work, and donated student labor will give ISU many more trees, enhance walkways, and make the campus more lovely and conducive to pedestrians. The campus has never looked so beautiful and with all these dedicated people working together, it will only become more so.



Mike Smith, Idaho Accelerator Center

Strategic Partnerships

Landing on Mars

Most of us just look up at the beautiful Idaho night sky in admiration, but Mike Smith, an engineering physicist at the ISU Idaho Accelerator Center (IAC), looks up knowing that his work is exploring a distant planet. He designed the portable linear accelerators that the Idaho National Laboratory used to check the welds on the Curiosity rover's nuclear power supply.

The rover uses a Multi-Mission Radioisotope Thermoelectric Generator, a nuclear battery that uses the heat from plutonium-238 to create electricity. The welds that hold it have to be perfect, or the \$25 billion mission is destined to grind to an expensive, miserable, and permanent stop.

NASA could take no chances. They sought out the IAC's expertise that had already been

proven in the spacecraft New Horizons that launched towards Pluto in 2006. Smith was happy to provide it. He and his team are absolutely sure of the integrity of their testing, and that confidence has proven to be well earned.

On August 6, 2012, Smith got to see his work land on Mars, playing a small but pivotal role in a mission that will continue to explore the Red Planet. "I follow the missions pretty closely because there is a lot riding on it," Smith said. "It is exciting to watch and I like to see how it is going because the Idaho Accelerator Center has something invested in it." That investment is hard at work on Mars' surface, and Mike Smith is proud to see the IAC's work explore the galaxy.

Getting a Closer Look

VZAP sounds like a superpower in a comic book, and it lives up to the sound of its name. VZAP (The Virtual Zooarcheology of the Arctic Project) reaches down into the deep recesses of the Idaho Museum of Natural History's (IMNH) bone collections and makes them appear in perfect 2D and 3D renditions anywhere in the world. Anyone, anywhere, anytime, can simply log into VZAP's website and wander through the museum's holdings of northern vertebrates.

Robert Schlader, Assistant Director for the IMNH and the Idaho Virtualization Laboratory, calls the process "virtualization." He and his team take the physical world and make it virtual, one bone at a time. With careful scanning and photographic editing, each bone is captured in 3D imagery so that it can be examined on screen from any angle, exactly as it looks in the real world.

Virtualization is a great leap forward in museum evolution. Most of the world's fossil knowledge is trapped in dark basements, locked crates, and special collections. It languishes there, only slightly better understood than when it was trapped in layers of earth.

Finances, not lack of interest, are to blame. It is expensive to ship materials, particularly tons of fragmentary materials, around the world. Scientists find something in one place, move it to their home base to catalog it, mail it off to big museums like the Smithsonian for analysis, and then pay to have it shipped back. The process is so time consuming and so expensive that most samples simply wait.

With grant money from the National Science Foundation, ISU's IMNH is changing that. Using state-of-the-art equipment, they are scanning in their collection, piece by piece.

For the first time, other scholars from around the world can help make the rough analysis without actually holding the piece in their hands.

In the past, only a few scholars from a handful of disciplines would take the time and effort to come wander through an osteological collection. With a virtual collection, a huge new range of scholarship is possible. Nursing students can view the bones, investigating for disease processes like arthritis. Third graders can study a sea otter's skeleton before heading off to see the animal swimming at the zoo. The potential for learning is limited only by imagination rather than geography or time.

This online collection is fulfilling the National Science Foundation's mandate to make research freely available for broad scholarship because the more brains that study it, the better. ISU and the IMNH fully embrace that philosophy and are proud to send its collections out into the virtual world. It is work that a superhero would be proud of.

Skull of *Spermophilus richardsonii*
(Richardson's squirrel)



Teaming Up

Dean Kandi Turley-Ames of ISU's College of Arts and Letters noticed a fascinating trend: as Brigham Young University-Idaho's (BYU-I) enrollment grew, so did the number of BYU-I students taking classes at ISU. It seemed counterintuitive that another university's enrollment would spike student numbers in ours. So Turley-Ames dug deeper and found that students at BYU-I needed lots of things that ISU could provide incredibly well.

For example, BYU-I students needed classes to take in their off-term. Sometimes, they needed classes that were not available at BYU-I or were not offered at a convenient time. Often, they came to ISU to get a head start on graduate work while their spouses finished at BYU-I. With an ISU campus located just a short drive away, ISU was a natural supplement to their classes at BYU-I.

Turley-Ames recognized that this was an avenue with huge growth potential for both schools. BYU-Idaho offers no graduate work and never plans to. Its students have no choice but to look elsewhere if they want an advanced degree, and Turley-Ames wanted ISU to be the place that BYU-I's best students looked and then stayed.

In order to accomplish that, she negotiated with BYU-I, reaching a Memorandum of Understanding (MOU), the first agreement of its kind. Under the agreement, BYU-I students can apply for early admission to several of

ISU's graduate programs. If they meet the high academic standards, they can take upper level classes that can be applied to their undergraduate degree at BYU-I and can later be applied to their master's degree at ISU.

With these concurrent classes taken in their off semesters, students can matriculate from BYU-I with a bachelor's degree earlier and then begin a master's degree with a significant amount of their coursework done already. Ideally, they would receive their master's degree in as little as a year from their undergraduate graduation.

This program supports Governor Otter's effort to encourage and improve early graduation rates in Idaho.

This program supports Governor Otter's effort to encourage and improve early graduation rates in Idaho. The economic

potential for everyone involved is spectacular. Students graduate up to a year early, saving a year of university expenses and gaining another year of real salary. BYU-I can be more attractive to its students by providing a solid pathway to graduate education. ISU gains the best and brightest students that BYU-I gathers from around the world, students who otherwise may never have known about our geographically isolated campus.

Currently, there are four graduate degree programs offered under the MOU, all from Dean Turley-Ames' College of Arts and Letters, but she hopes that every graduate program on campus will be offered eventually. It is the kind of partnership that benefits students and institutions alike.

Serving Our Veterans

Two things are readily apparent when you meet Kale Bergeson, the Veteran's Sanctuary's student outreach officer: the Marine Corps is in his blood and ISU is in his hair. He comes to work every day with his dog tags around his neck and a black and orange mohawk screaming down the center of his head.

The mohawk is more than a fashion statement; it is an invitation to talk to him, and almost everyone everywhere does. They just have to know why he chose to mark himself that way, and Kale is happy to tell them. He wanted his love of ISU and his love of helping veterans to be as apparent as it possibly could be, and for the last 18 months of his life, this is how he has shown it.

That strategy is key to Kale's success. If he can get a vet talking to him, he can open all kinds of other doors for them too. He knows how to help them transition into university life, thrive academically, and be ready for the job market

beyond graduation. His work and the work of ISU's Veteran's Sanctuary is the bridge from honorable military service to rewarding civilian life, and he absolutely loves it.

The Veterans Sanctuary is the first transition and support program of its kind in the United States. Veteran groups have been pleading for more help, and ISU was honored to answer

by creating a place where they can receive support of every kind.

Some of the benefits are educational. The Sanctuary partners with the College of Technology to provide

free college prep classes so that vets can be ready for the college classroom. Once in the classroom, the vets can come back to the Sanctuary to arrange tutoring in any subject where they want extra help.

Some of the benefits are financial. The Sanctuary has financial aid specialists who make sure that vets take only the classes that their GI benefits cover. They provide registration events that gather every necessary

Educational and financial benefits are essential, but the Sanctuary sees its role as providing the camaraderie and mentoring





Kale Bergeson reading names of veterans on Veterans' Day.

office from registration to housing into one room. In a single afternoon, a vet can come in with nothing and leave completely ready to attend the first day of class.

Educational and financial benefits are essential, but the Sanctuary sees its role as providing the camaraderie and mentoring that the military provided. Vets can come study together, mentor each other, and develop friendships that make the college experience so much more enriching.

Kale knows how vital his work is. When he first came back to ISU, he was ready to take advantage of his hard-earned GI benefits. He wanted to make himself as strong in the marketplace as he had been in Gulf War battlefields.

His first few weeks at Idaho State were rough. By the second week of the semester, he was overwhelmed and ready to quit. The academic world was too strange, too demanding, and too confusing. He couldn't figure out how to navigate between all the different offices that were required to get everything arranged. As a non-traditional student with different life experiences than most 18-year-old freshmen, he just didn't know how to recreate a new network of friends in this huge, constantly mobile world. The learning curve was just too great for him to handle alone.

He made the decision that changed his life: he went to the Veterans Sanctuary for help and found Casey Santee.

Casey helped him to create a plan that included tutors, mentors, and friends. The Sanctuary gave him the tools and encouragement he needed to survive that first semester. After that, he thrived.

Kale is thrilled to provide that for other vets. He is willing to speak to anyone, take any risk, make any sacrifice that will get his vets the help that they need. Most of the time, it is as simple as making a new friend. Meet Kale once and he'll be your friend forever, too.

Memorial Mission

Last year, ISU President Arthur Vailas issued a mission to the Veteran's Club: build a war memorial on Cadet Field in two short weeks with limited financial resources and only donated labor. The mission would have seemed impossible to anyone who had not been military trained. Of course two weeks isn't enough time to build an entire memorial. Building it in two weeks during an Idaho November with just volunteers... impossible.

The Veteran's Club took it in stride. Its members are used to impossible challenges. They spent most of their military career finding a way to do far more than anyone should be able to do with far less resources than were required. The club took on the challenge in the same way they did throughout their military service: they got it done.

Men and women worked at the memorial site every single day from the issuance of the challenge until the moment it was dedicated. They dug the hole for the foundation and poured concrete in an Idaho winter. It was a painful sacrifice of time and talent, but it is the kind of sacrifice that they were happy to offer to their fellow veterans and fallen comrades. The memorial is and will be a place where everyone can honor the spirit of the armed services, including all those who have served, continue to serve, and will protect us in the future.

With elegance and precision, the Veterans' Club dedicated the memorial on 11/11/2011 at 11:11 a.m. It was a fitting way to conclude a nearly impossible mission.

Mission accomplished.

A Numbers Game

Chelsea Pickering's life is filled with numbers. While wearing number 14 for the ISU Bengals women's basketball team, she racked up the following statistics:

- 1,200 career points
 - 7th highest in program history
- 138 career 3-point goals
 - 3rd highest in program history
- 153 career steals
 - 6th highest in program history
- 75.7 free throw percentage
 - 9th highest in program history

Those are some amazing numbers, but they are not the only ones that she is proud of.

Chelsea graduated in 4 years with her bachelor's degree in Health Care

Administration (HCA). She loved both math and business, and HCA combined them perfectly. Her basketball schedule required some creative class scheduling, so she took extra summer

classes to make sure that she graduated on time.

Chelsea had her team behind her. As with all their athletes, the ISU athletic department helped her with everything from study skills and tutors to monitoring her compliance with the NCAA rules so that she could stay focused on both her academics and athletics.

After talking to her advisor, she realized that she could graduate with a Master's in Business Administration (MBA) in only 1 year if she took 5 graduate classes a semester. That is a brutal course load for anyone, but Chelsea wasn't just trying to conquer the classroom. She was

still playing basketball for ISU—playing and dominating the game.

“Success isn't just about what you accomplish in your life. It's about what you inspire others to do.”

In the same year that she was getting her MBA, Chelsea led her team to victory in the Big Sky Conference. She was awarded the



ISU women basketball team show off their championship rings

Most Valuable Player award of the Big Sky Tournament, the 3rd player in ISU history to receive that honor. She went on to lead her team to ISU's 3rd NCAA appearance. Only two short months later, she would graduate with her MBA.

The three weeks of conference play are among her favorite memories of all her time at ISU and the best time in her life so far. She and her team worked so hard to earn their conference rings, a ring that she has not been able to wear yet. By the time her ring arrived, she had already graduated with her MBA and was playing professional basketball in Croatia.

Chelsea is honored to have represented ISU throughout her college basketball career. The skills she learned, both on and off the court,

have brought her onto the world stage. She is proud of her accomplishments so far and is already pushing herself to join a stronger league where she can test herself even further.

Chelsea's motto is simple: "Success isn't just about what you accomplish in your life. It's about what you inspire others to do." ISU inspired her, and she plans to give that back to the world. It is a clear equation for success.

Chelsea Pickering





Mirazun Mitu, President of the International Students Association

International Programs

Mirazun Mitu has known since she was a child that she will be an engineer or a doctor. She knows that because she has heard those two choices from her parents "a billion times" since she was born. In her home country of Bangladesh, engineering and medicine are considered the two sure pathways to prosperity and a better life, and every parent desperately wants that for their children.

That better life is an expensive venture. While it is true that college is expensive for everyone, it is an especially big investment for an international student from a developing

country. When the foreign exchange rate is taken into account, Mitu's education costs millions of Bangladeshi taka. While there was no question that a higher education is a worthwhile investment, Mitu knew that she

had to choose the right place to invest.

Mitu looked the world over in search of where to get her education,

and she found ISU at a college fair. It had the electrical engineering program that she needed, the social support that she wanted, and the institutional support to help her achieve her dreams. Mitu is taking advantage of every learning opportunity that ISU provides her.

In addition to studying electrical engineering with a minor in mathematics, she serves as the president of the International Student Association (ISA), ISU Student Senator, and a host of other volunteer opportunities. She will leave ISU completely prepared to fulfill her parents' dreams for her and all her own dreams as well.

ISU has a lot to offer its international students and works hard to attract them here—students like Ling Wei from China. She wanted a U.S. college experience that offered her a safe place to live and a solid education. ISU looked perfect. When she first arrived three years ago, she was uncertain about how she would fit into this city so far from home. To her delighted surprise, the people here have been so open and so friendly. Both she and her parents worried about her safety, but Pocatello

She will leave ISU completely prepared to fulfill her parents' dreams for her and all her own dreams as well.

Global Travelers

In the Fall 2012 semester, the following countries have the highest student populations at Idaho State University:

Canada	21
China	50
Ghana	14
India	48
Kuwait	34
Nepal	74
Nigeria	16
Saudi Arabia	299
South Korea	12
Taiwan	18

Grand total of international students attending Idaho State University 711



is the safest city she has ever experienced. She has even left her door key in her door overnight and never had the slightest problem.

Idaho State University itself has done so much to help Ling make this transition easier. The English as Second Language services helped her to understand everything from grammar conventions to social practices. The ISA has helped her to find new friends and together they share their cultures with the residents of Pocatello. The International Programs Office has served as an invaluable resource. Altogether, her experience at ISU has been everything she could have

Ling Wei, International Students Association



hoped for. When she graduates in December, she is sure that she will be ready to take the big leap into her mass communications career.

Currently, fifty-four countries have entrusted their students to ISU, a number that ISU is working to grow. ISU's Director of International Programs, Maria Fletcher, argues that our global economy and national security demands that our students are prepared to work across cultures and within global institutions. More than ever before, students need a broader exposure to other cultures and languages. Our international students help our domestic ones understand and appreciate other cultures that would otherwise be inaccessible in Pocatello. ISU's work to increase international student enrollment means that both our domestic students and our international students are better prepared for the global economy.

Global Contributors

Net Contribution to the Idaho state economy by international students and their families through tuition and living expenses.

2010-2011	\$44,220,000
2009-2010	\$38,836,000
2008-2009	\$42,587,000
2007-2008	\$39,248,000

Source: Institute of International Education's *Open Doors Report* (2007-2011)



Bob Ellis, Outdoor Recreation Coordinator

Adventure is Out There

People come to Bob Ellis and ISU's Cooperative Wilderness Handicapped Outdoor Group (CW Hog) program with all kinds of challenges. A man wants Bob to help him feel the wild rush of plummeting down a ski slope, something he has not felt since he found himself trapped in a wheelchair three years before. A woman wants to scale a cliffside, a passion of hers before the accident that crushed her hand and now seems completely impossible after.

Most people would agree with her; it is impossible. It is hard enough to tackle a rock wall with every physical advantage. When accidents and illness radically damage a body, they damage the dreams within them too. Most people would say it is best just to accept limitations and make new, more attainable dreams.

Bob doesn't believe in impossible. If someone has the will to take on the wilderness, no matter what their physical limitations, he and his team will get them there. He is willing to push, pull, and drag whatever and whomever he must to get those goals accomplished. He has to be equal parts wilderness guide, motivational team leader, and James Bond's gadget maker "Q" in order to get the tasks of

his day accomplished, and that is exactly what he loves about his job.

Bob's work with the CW Hog program fulfills the charge of its name. Their wilderness adventures are always a cooperative venture, blending people of different abilities to create teams capable of conquering the Idaho wilderness. Every team member, regardless of physical ability, contributes as much as they can to the group's success. As a team, they succeed.

Bob sees CW Hog as an investment program. The dividends it pays are exponential. CW Hog participants can draw on their wilderness experiences to triumph over the everyday adversities that they face. His goal is to get his clients to see that any potential obstacle can be circumvented with enough ingenuity and will.

Conquer a mountain, and a college classroom looks accomplishable. Job retraining is less daunting than that first belay off a cliff. Bob can't remove the obstacles a person faces, but he can give them the confidence to take them on anyway. With work and ingenuity, their goals are now in reach. Offer a challenge to CW Hog's participants and expect it to be met.



Hells Half Mile Rapids, Green River

Report of Independent Auditors

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MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

The Idaho State Board of Education
Idaho State University

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Idaho State University (University) and its discretely presented component unit, Idaho State University Foundation, Inc. (Foundation) as of and for the years ended June 30, 2012 and 2011 (not presented herein); and in our report dated September 28, 2012, we expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

Moss Adams LLP

Eugene, Oregon
March 14, 2013

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Message from the Vice President for Finance and Administration

We are pleased that Idaho State University continued its excellent financial performance in fiscal year 2012. And, we continue to be especially pleased that, while our country appears to be coming out of the greatest financial crisis since the Great Depression, we have had no layoffs, furloughs, or salary reductions.

Our year-end financial results reflect an \$11.1 million improvement in net assets despite the fact that our state appropriations, excluding public works funding, decreased by \$4.2 million. As a percent of total revenue, state appropriations have declined from approximately 50 percent in 2002 to just over 30 percent in 2012. Total University assets increased by \$9.7 million to \$300.8 million, driven largely by a significant increase of \$14.2 million in cash. This marks the first time that

our total assets have exceeded \$300 million. Our operating performance was better than balanced, with total operating revenue up 10.9 percent from the prior year, while total operating expenses were held to only a 5.9 percent increase from the prior year. Our key financial ratios that measure the institution's overall financial health and trends continue to track well against competitive benchmarks. The good results in these ratios reflect the operating surplus we have experienced over the last three years, and that we have invested in programs and projects that generate resources and can support our long-term operations, while covering operating and maintenance costs.

We recently refunded and refinanced some \$27,530,000 of outstanding debt for further reduction in our debt carrying costs, while continuing to decrease the overall level of our

total debt, which is already far below Board mandated standards.

Citing our strong operating performance, adequate resource base, and healthy liquidity position, Moody's Investors Service has recently reaffirmed our current A1 bond rating and given us a stable outlook. This is especially significant in today's higher education rating environment, as Moody's recently revised its outlook for the entire U.S. higher education sector to negative, marking a shift to negative from stable for even the sector's leading diversified colleges and universities. This negative outlook reflects mounting pressure on all key University sources, and requires bolder actions by University leaders to reduce costs and increase operating efficiency. We believe that, so far, we have been doing an excellent job of meeting these challenges at Idaho State University.

As a result of this financial performance, our unrestricted net assets, or general reserves, are sound and have increased further above last

year's record performance and are now well above the board-mandated minimum standards, although not yet at the government finance officers recommended level, which is the ultimate target.

Last year, in recognition of the continued hard work and contributions that many members of our University team have made toward achieving these excellent operating results, we were able to provide an average of 4.5 percent merit/equity/retention based compensation increase to our faculty and staff, significantly increasing entry level pay scales and ensuring that no Idaho State University employees are below the poverty line.

We believe we have experienced a "financial renaissance" over the last six years and we are all working diligently toward a continued strong performance in the coming year and further advancing the vision and mission of Idaho State University.

James A. Fletcher
Vice President for Finance and Administration



Notes to the Summary Financial Statements

USE OF THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements consist of the following three statements: Summary Statement of Net Assets, Summary Statement of Revenues, Expenses and Changes in Net Assets, and Summary Statement of Cash Flows. The summary financial statements were derived from the University's audited financial statements for the fiscal years ended June 30, 2012 and 2011. The summary financial statements aggregate certain line items contained within some audited financial classifications to provide a more summarized presentation and do not include the financial statements of its component unit and various notes required by generally accepted accounting principles. The University's and its component unit's financial statements and related notes, which are presented in conformity with generally accepted accounting principles, may be viewed at www.isu.edu/finserv/account/ISUSingleAudit2012&SEFA.pdf

SUMMARY STATEMENT OF NET ASSETS

Reflects the financial position of the University at the end of the fiscal year. Changes in net assets occur over time and are one indicator of the University's financial condition.

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Presents the revenues earned and expenses incurred during the fiscal year on an accrual basis, categorized as operating and nonoperating.

SUMMARY STATEMENT OF CASH FLOWS

Provides information about the University's inflows and outflows of cash during the fiscal year. This statement aids in assessing the University's ability to meet obligations and commitments as they become due, its ability to generate future cash flows, and its needs for external financing.

ORGANIZATION

Idaho State University (University) is part of the public system of higher education in the State of Idaho (State). The system is considered part of the State of Idaho financial reporting entity. The State Board of Education (SBOE), appointed by the Governor and affirmed by the legislature, directs the system. The University is located in Pocatello, Idaho.

The information in the Summary Statement of Net Assets is derived from Idaho State University's June 30, 2012 audited financial statements. The audited financial statements and related notes can be viewed online at www.isu.edu/finserv/account/ISUSingleAudit2012&SEFA.pdf

SUMMARY STATEMENT OF NET ASSETS

CURRENT ASSETS	2012	2011
Cash and cash equivalents	\$90,466,770	\$76,229,754
Student loans receivable	218,025	251,780
Accounts receivable and unbilled charges, net	11,354,439	13,209,650
Due from state agencies	3,735,585	4,048,548
Other assets	1,055,240	1,231,456
Total current assets	106,830,059	94,971,188
NONCURRENT ASSETS	2012	2011
Student loans receivable, net	1,500,893	1,527,146
Assets held in trust	273,497	269,941
Deferred bond financing costs	950,172	1,037,808
Property, plant and equipment, net	191,215,868	193,284,689
Other long-term assets	75,000	78,000
Total noncurrent assets	194,015,430	196,197,584
TOTAL ASSETS	\$300,845,489	\$291,168,772
CURRENT LIABILITIES	2012	2011
Accounts payable and accrued liabilities	\$3,941,214	\$2,685,986
Due to state agencies	593,510	546,367
Accrued salaries and benefits payable	9,925,660	9,452,002
Compensated absences payable	4,791,459	4,288,645
Deposits and funds held in custody for others	997,663	878,037
Deferred revenue	5,362,840	5,300,724
Current portion of long-term obligations	5,433,352	5,287,366
Total current liabilities	31,045,698	28,439,127
NONCURRENT LIABILITIES	2012	2011
Other post-employment benefits payable	6,197,000	5,438,000
Notes and bonds payable	61,608,654	66,389,739
Total noncurrent liabilities	67,805,654	71,827,739
TOTAL LIABILITIES	98,851,352	100,266,866
NET ASSETS	2012	2011
Invested in capital assets, net of related debt	125,992,772	123,571,307
Restricted, expendable	5,554,894	6,558,524
Unrestricted	70,446,471	60,772,075
Total net assets	201,994,137	190,901,906
TOTAL LIABILITIES AND NET ASSETS	\$300,845,489	\$291,168,772

SUMMARY OF ACCOUNTING POLICIES AND PRACTICES

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. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS

The University considers all liquid investments with a remaining maturity of three months or less at the date of acquisition and all non-negotiable certificates of deposit to be cash equivalents.

CASH WITH TREASURER

Amounts that are required to be remitted to the State of Idaho as a result of the student fee collection process and, once remitted, these balances are under the control of the State Treasurer. Interest accruing on the balance is maintained in a separate fund and must be appropriated by the legislature before any expenditure can occur.

STUDENT LOANS RECEIVABLE

Loans receivable from students bear interest at rates ranging from 3.00% to 7.00% and are generally payable to the University in installments over a 5 to 10 year period, commencing 6 or 9 months after the date of separation from the University.

ACCOUNTS RECEIVABLE

Accounts receivable consist of fees charged to students as well as auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Idaho. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

The information in the Summary Statement of Revenues, Expenses and Changes in Net Assets is derived from Idaho State University's June 30, 2012 audited financial statements. The audited financial statements and related notes can be viewed online at www.isu.edu/finserv/account/ISUSingleAudit2012&SEFA.pdf

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

OPERATING REVENUES	2012	2011
Student tuition and fees, net	\$72,360,828	\$62,525,361
Federal grants and contracts	9,661,792	13,653,117
State and local grants and contracts	10,982,493	9,786,215
Private grants and contracts	11,247,629	8,532,830
Sales and services of educational activities	6,270,535	6,066,029
Sales and services of auxiliary enterprises	13,573,775	12,426,182
Other	5,021,161	3,470,991
Total operating revenues	129,118,213	116,460,725
OPERATING EXPENSES	2012	2011
Personnel costs	135,940,976	130,457,000
Services	27,513,868	23,073,330
Supplies	14,200,321	13,257,589
Insurance, utilities and rent	6,364,159	6,660,260
Scholarships and fellowships	20,885,766	20,084,127
Depreciation	12,104,795	11,462,198
Miscellaneous	5,025,236	4,730,185
Total operating expenses	222,035,121	209,724,689
OPERATING LOSS	(92,916,908)	(93,263,964)
NONOPERATING REVENUES (EXPENSES)	2012	2011
State appropriations - general education	57,323,100	61,632,435
Other state appropriations	18,249,604	21,145,313
Title IV grants	26,076,231	27,767,664
Gifts	4,609,727	5,396,289
Net investment income	144,574	252,720
Amortization of bond financing costs	(60,954)	(60,954)
Interest on capital asset related debt net of capitalized	(3,177,831)	(3,355,101)
Net nonoperating revenues	103,164,451	112,778,366
INCOME BEFORE OTHER REVENUES AND EXPENSES	10,247,543	19,514,402
OTHER REVENUES AND EXPENSES	2012	2011
Capital gifts and grants	854,931	1,937,104
Gain or (loss) on disposal of fixed assets	(10,243)	(85,946)
Net other revenues and expenses	844,688	1,851,158
INCREASE IN NET ASSETS	11,092,231	21,365,560
NET ASSETS, BEGINNING OF YEAR	190,901,906	169,536,346
NET ASSETS, END OF YEAR	\$201,994,137	\$190,901,906

A

CAPITAL ASSETS

Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at gift date. Assets are capitalized in accordance with the University's capitalization policy. 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 respective assets.

The University houses collections at the Idaho Museum of Natural History that it has elected not to capitalize. The University charges these collections to operations at the time of purchase, in accordance with generally accepted accounting principles.

DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

NONCURRENT LIABILITIES

Includes the principal portions of revenue bonds payable, notes payable with contractual maturities greater than one year, and the net amount of other post-employment benefits payable.

NET ASSETS

The University's net assets are categorized as follows:

NET ASSETS	Amount (million)	% of Total
Invested in capital assets, net of related debt	\$126.0	62%
Restricted, expendable	\$5.6	3%
Unrestricted	\$70.4	35%
TOTAL	\$202.0	

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

Net assets that include resources the University is legally or contractually obligated to use in accordance with restrictions imposed by external third parties.

UNRESTRICTED

Net assets that represent resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the University, and may be used at the discretion of the institution to meet current expenses for any lawful purpose and in accordance with SBOE policy.

B

C

The information in the Summary Statement of Cash Flows is derived from Idaho State University's June 30, 2012 audited financial statements. The audited financial statements and related notes can be viewed online at www.isu.edu/finserv/account/ISUSingleAudit2012&SEFA.pdf

SUMMARY STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES		
	2012	2011
Student fees	\$61,863,479	\$53,207,671
Grants and contracts	30,969,236	32,609,310
Sales and services of educational activities	6,328,257	4,873,212
Sales and services of auxiliary enterprises	13,500,921	12,519,251
Other operating revenue	5,332,920	3,825,364
Collection on loans to students	309,213	405,447
Payments to and on behalf of employees	(130,585,954)	(128,159,792)
Payments to suppliers	(47,709,436)	(43,555,989)
Payments for scholarships and fellowships	(13,957,446)	(12,693,141)
Loans issued to students	(279,815)	(347,363)
Net cash used by operating activities	(74,228,625)	(77,316,030)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
	2012	2011
State appropriations	71,266,518	75,596,855
Gifts	4,421,656	4,770,009
Title IV grants	26,279,045	28,499,455
Agency account receipts	18,107,252	19,360,495
Agency account payments	(17,150,707)	(21,094,332)
Direct lending receipts	77,934,201	77,351,376
Direct lending payments	(77,374,559)	(76,945,984)
Net cash provided by noncapital financing activities	103,483,406	107,537,874
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
	2012	2011
Capital gifts and grants	378,855	294,781
Capital purchases	(7,908,352)	(10,670,641)
Proceeds from sale of assets	25,000	-
Transfer from bond trustee	-	1,242,661
Principal paid on capital debt	(4,422,405)	(4,109,061)
Interest paid on capital debt	(3,363,842)	(3,561,713)
Net cash used by financing activities	(15,290,744)	(16,803,973)
CASH FLOWS FROM INVESTING ACTIVITIES		
	2012	2011
Investment income	272,979	214,823
Net cash provided by investing activities	272,979	214,823
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,237,016	13,632,694
CASH AND CASH EQUIVALENTS—Beginning of year	76,229,754	62,597,060
CASH AND CASH EQUIVALENTS—End of year	\$90,466,770	\$76,229,754

COMPENSATED ABSENCES

Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. Amounts included in accrued salaries and benefits payable in the Summary Statement of Net Assets are \$4,791,459 and \$4,288,645 at June 30, 2012 and 2011, respectively.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues are reported net of scholarship discounts and allowances in the Summary Statement 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 paid by students and/or third parties making payments on the students' behalf.

INCOME AND UNRELATED BUSINESS INCOME TAXES

The University is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The University is liable for 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. The University did not incur unrelated business income tax expense in the fiscal years ended June 30, 2012 or 2011.

CONTINGENCIES AND LEGAL MATTERS

The University is a defendant in litigation arising from the normal course of operations. Based on present knowledge, the University's administration believes any ultimate liability in these matters will not materially affect the financial position of the University. See note 14 of the notes to the University's consolidated financial statements for more information on contingencies and legal matters at June 30, 2012.



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