Annual Report

2015-16

Idaho State University

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President's Message

I have always believed universities exist to support learning, and to educate the next generation, but, especially in today's world, it's about much more as well. The goal of higher education is to teach students, but also to build communities, and to support economic development.

At Idaho State University, our faculty use real-life experiences and top-level research to both educate our students and help our community. In Meridian, Dr. Kirk Hevener is using a National Institutes of Health grant to study *C. difficile*, an antibiotic-resistant bacteria that can be deadly – in 2011, it affected nearly 500,000 Americans. His work could mean better drugs for combatting the bacteria in the future, and in the meantime, his knowledge is helping pharmacy students learn the latest in their field.

In Pocatello, business students recently completed a project with Pocatello Regional Transit to better market their services to customers and the community. ISU's TriO program is using a new five-year, $1.2 million grant to help 1,000 more people across south-central Idaho receive assistance when beginning their journey to higher education. Our university is not simply educating students—we are helping build communities and drive economic development in the state and beyond.

Our students and faculty are leading the way in research and education through the relationships we continue to grow with our communities, businesses, government agencies, and our network of friends and alumni. Thank you for all you do, and for helping us continue to succeed.

Arthur C. Vailas, Ph.D.
Idaho State University President

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REPORT OF INDEPENDENT AUDITORS ON SUMMARY FINANCIAL STATEMENTS

The Idaho State Board of Education
Idaho State University

The accompanying summary financial statements, which comprise the summary statements of net position as of June 30, 2016 and 2015, the summary statements of revenues, expenses, and changes in net position, and summary statements of cash flows for the years then ended, and the related notes, are derived from the audited 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, 2016 and 2015. We expressed an unmodified opinion on those audited financial statements in our report dated September 29, 2016. The audited financial statements, and the summary financial statements derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements therefore, is not a substitute for reading the audited financial statements of the University and the Foundation.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in the Note titled, *Use of Summary Financial Statements* to the summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements with the related information in the audited financial statements from which the summary financial statements have been derived, and evaluating whether the summary financial statements are prepared in accordance with the basis described in the Note titled, *Use of Summary Financial Statements*. We did not perform any audit procedures regarding the audited financial statements after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statements of the University, and its discretely presented component unit, the Foundation, as of and for the years ended June 30, 2016 and 2015, referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived, on the basis described in the Note titled, *Use of Summary Financial Statements*.

Moss Adams LLP

Portland, Oregon
November 28, 2016

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Passion for Teaching, Research and Battling Bad Bugs

As a kid, Dr. Kirk Hevener always had his nose in a book.

He loved reading about science, history and philosophy—one of his favorite books was "A Brief History of Time" by physicist Stephen Hawking.

So it's no surprise that Hevener decided to study physical organic chemistry in college, eventually earning doctorates in pharmacy and pharmaceutical sciences from the University of Tennessee.

In 2013, Hevener joined the Idaho State University College of Pharmacy as an assistant professor of biomedical and pharmaceutical sciences at ISU-Meridian.

A Day in the Lab

If you swing by Hevener's office in the L.S. Skaggs Pharmacy Complex, you'll meet an affable guy in a white lab coat, eager to talk about infectious disease and the bugs that cause it.

He is fascinated by the *human microbiome*— an ecosystem made up of trillions of microbes and bacteria living in and on the human body—and the role they play in basic life processes.

"Everybody has a different make-up of bacteria," he says. "It's almost like a fingerprint, and disrupting it can have positive and negative influences."

In his research lab across the hall, Hevener is tackling a stubborn bug called *Clostridium difficile*, thanks to a $415,000 exploratory grant from the National Institutes of Health.

C. difficile is an antibiotic-resistant bacteria that can wreak havoc in the lower bowel, causing severe diarrhea, dehydration and even death.

According to the New England Journal of Medicine, *C. difficile* afflicted

Dr. Kirk Hevener (left) with doctoral student Jesse Johnson in Hevener's research lab at ISU-Meridian.

500,000 Americans and caused 29,000 deaths in 2011—with the majority of cases occurring in hospitals, nursing homes or community health care settings.

"It's highly contagious and easily spread," Hevener said. "The bacteria forms spores that are resistant to antiseptics typically used to clean a hospital room," said Hevener, whose research involves designing small molecule compounds to inhibit key enzymes, which in turn, can stop or slow the growth of disease-causing bacteria.

For the next two years, Hevener and his research team will target the enzyme FabK, which is found in the fatty acid synthetic pathway of *C. difficile* but not in the non-disease causing bacteria of a healthy gut.

"This will allow us to more narrowly target *C. difficile*" without destroying the nonpathogenic organisms or good bugs that protect humans from disease, Hevener said.

The professor's research team consists of ISU-Meridian graduate students, a microbiologist from Texas A&M University and a chemist from University of Hawaii.

In addition to determining if FabK is a targetable enzyme, the researchers want to determine if the compounds they develop to inhibit FabK will work in living organisms, such as mice. That's a big deal because proving a connection could mean more research funding and clinical trials.

"This could lead to the discovery of a new drug that could likely be tested in humans one day," Hevener said.

Rising Star

Hevener's research has caught the eye of numerous professional organizations. In 2014, the American Association of Colleges of Pharmacy presented him with a New Investigator Award, one of 12 awarded in the country that year.

In 2015, the University of Washington's Institute of Translational Sciences named him a Rising Star in its career development program highlighting the work of promising researchers in Washington, Wyoming, Alaska, Montana and Idaho.

Hevener believes in paying it forward, sharing his passion for learning and scientific discovery with students.

"I've been passionate about teaching ever since I was a graduate teaching assistant myself and, as a licensed pharmacist and researcher, I feel that I have a lot to share with my students," he said.

Bengal Bridge Provides Opportunities for New High School Graduates

After spending the summer on Idaho State University's campus, freshman Ethan Moore felt ready to take on the challenge of campus life.

Moore is one of 89 students who participated in ISU's Bengal Bridge program during summer 2016.

Bengal Bridge is a seven-week college semester held in the summer for recently graduated high school seniors with a major benefit – tuition is only $65 per credit hour.

Students earn 10 college credits over the course of the program, including both general education courses and specific classes that count toward their degrees.

Moore said his overall experience with Bengal Bridge was a positive one.

"It was really helpful to learn about the campus months before the fall semester began," Moore said. "I was able to meet new and exciting people and establish relationships that will stay with me for a lifetime."

Moore said a high level of caring was shown by both the teachers and the students, and that he was able to learn a great deal from his instructors and classmates.

"The thing that stood out to me the most was how Bengal Bridge helped me develop as a student and prepare for college, and I'll always be thankful for that," Moore said. "I've already recommended Bridge to future freshmen."

Misty Prigent, an instructor and academic coach for Bengal Bridge, said that the program has a number of objectives in place to help new students succeed.

Ethan Moore felt ready to tackle college after Bengal Bridge.

"Bengal Bridge's primary goals are encouraging more high school students to go to college, to provide a solid start for incoming freshmen, and to help students get credits toward their degree sooner," Prigent said.

Anna Curet, another student who participated in Bengal Bridge during summer 2016, said that she greatly enjoyed being a part of the program.

"My experience with Bridge was amazing," Curet said. "I made a lot of friends and got a great jump start to the college experience and college classes."

Curet also said that the environment Bengal Bridge provided was very helpful.

"I really benefitted from having more one-on-one time to talk to professors about materials we covered in class as well as having a more fast-paced learning environment," Curet said.

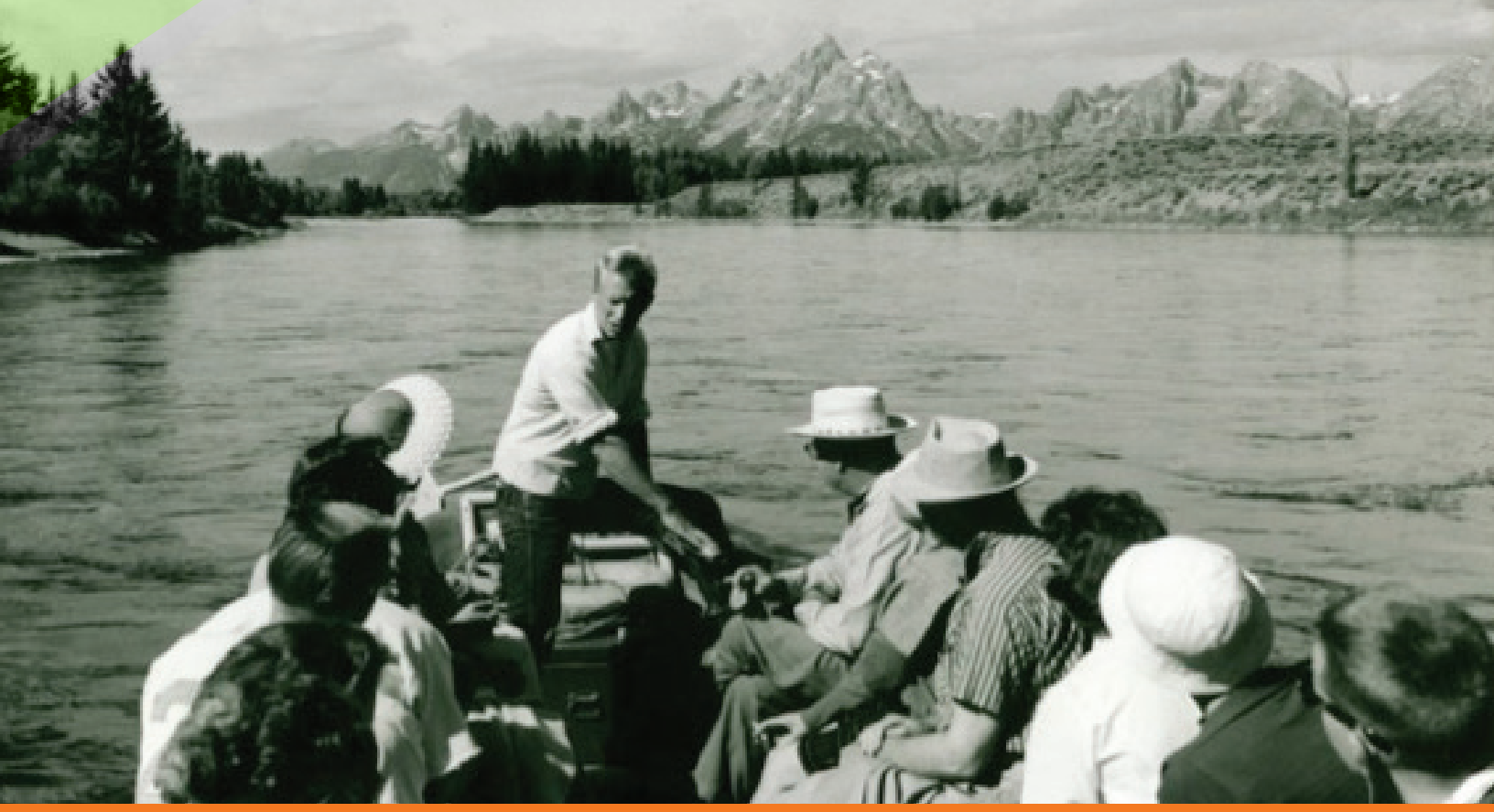
Prigent also cited the reduced tuition as a major asset for Bengal Bridge participants. The standard cost of tuition for nine credits is $3,132, while it is only $585 for Bengal Bridge students, resulting in $2,547 worth of savings.

There are a number of factors that can help a student qualify for the Bengal Bridge program. Some of these include: low family income, high SAT/ACT scores, being a first-generation student, disability status, and citizenship status.

Bengal Bridge is currently accepting applications, and it is recommended that students apply before Feb. 15, which is the deadline for many important scholarships at ISU. However, students can continue to apply to the program until April 1. Prigent also reminds current applicants that if they want to apply for Bengal Bridge's summer 2017 semester, they should make their ISU application for the summer rather than the fall. Like a traditional college semester, federal student aid can be used to pay for costs associated with the program.

Prigent said that being involved in the Bengal Bridge program is very rewarding.

"Every year, I see so many of our past students around campus involved in leadership roles and competitive programs, and they always tell me they could not have done it without Bridge," Prigent said.



Preserving a History of Grand Teton National Park's Guides and Rangers

Following World War II the U.S. government had a plethora of surplus items left over, including big "pontoon" rafts, some that were shipped to Grand Teton National Park.

During the war, these rafts were tied together and tracks were laid across them so military vehicles could use these "pontoon bridges" to cross waterways.

At Grand Teton National Park in 1960s, Frank Ewing, who became a pioneer scenic rafting guide on the Upper Snake River running through the park, noticed piles of the pontoon rafts being unused. The U.S. Park Service had tried using some of them lashed together as docks on Jackson Lake, but they had deflated, according to Idaho State University researcher Dr. Yolonda Youngs.

Ewing, then a park employee, started "playing around with the boats, making them efficient to use for floating the upper Snake River," said Youngs, an ISU assistant professor in the Department of Global Studies and Languages in the College of Arts and Letters.

Ewing eventually co-founded a raft guiding business with partner Dick Barker that is still in operation today.

Ewing and Barker, along with other pioneering guides and park employees, helped shape the unique culture and style of river rafting and other outdoor activities that were developed in the park and shared elsewhere.

This is part of one of a myriad of stories Idaho State University researchers, who are collaborating with Grand Teton National Park personnel, are compiling to preserve and share the rich "adventure outdoor recreation history and management" of Grand Teton National Park.

Historical submitted photo
Dr. Yolanda Youngs

"Specifically, we'll be tracing how pioneer river and mountaineering National Park Service rangers and commercial guides and companies developed a distinctive style of outdoor recreation that shaped how people ran rivers and climbed mountains all around the western United States," said Youngs, assistant professor in the ISU Department of Global Studies and Languages, the project's principal investigator. "It's a fun project."

Youngs and her collaborators have begun work on a four-year, $118,000 project funded by the National Park Service. The official title of the project is "Adventure Outdoor Recreation History and Management in Grand Teton National Park."

Youngs and the ISU graduate student Joel Adams may be uniquely qualified for completing this project. Youngs was a professional whitewater rafting guide for 10 years, who cut her teeth learning that trade in Grand Teton National Park and Dinosaur National Park and then guided on other rivers throughout the American West. Adams, who is graduating from ISU with a physical education degree and entering an ISU geographic information systems (GIS) master's degree program this spring, has also been a professional whitewater guide in the American Southwest.

"I actually started rowing on the Upper Snake. This is the exact 30 miles of river miles that I first learned how to row a boat and the first whitewater section I ever captained a paddle boat," Youngs said. "In some ways this is my community. Some of these people (being interviewed) are people who had a tremendous influence on my guiding career."

The ISU duo, working with Grand Teton National Park cultural resources staff and managers, will conduct oral interviews of pioneer river and mountaineering commercial guides, company owners, and NPS rangers, and digitize hundreds of photos and historic documents to create a new addition to the NPS archives for the park, that will eventually be shared with the public. They will also do "repeat photography" of spots, matching historic photographs with contemporary images at river and mountain spots throughout the park.

"From our early research with river guides and companies, what I'm finding fascinating is the experiences of guiding and working on the Upper Snake influenced people for the rest of their lives in terms of their careers and environmental values. Politicians, university professors, scientists, doctors, and all kinds of people who started at the park, went on to successful and long careers in environmentally related fields," Youngs said.

"And because it is Grand Teton National Park that draws visitors from around the country and the world," she continued, "influential people such as U.S. Secretary of the Interior Stewart Udall and Ladybird Johnson, for example, visited the park in 1964 and floated down the river with Grand Teton Lodge Company. So, for me, it's a great way to tell a local story, a regional story and national story and we're doing it through mountaineering and river, commercial guides, companies, and NPS rangers."

This new grant is building on research compiled by ISU history graduate student Matthew Bingman, who spent part of last summer in Grand Teton National Park. His 2016 summer research was funded by the University of Wyoming-National Park Service Research Station.

Youngs said she is excited about sharing all the information being collected with the public.

"This will be a new collection for the park's Snake River use and management history – and all this will be public once it is processed by the park service," Youngs said. "With our partners from the river and mountaineering communities and the NPS, we are contributing to a new, public history on outdoor recreation culture that has been substantially missing or under researched for the park's historical record."

Future President of Mars Begins Work as StarTalk's Newest Intern

It was Kirk Long's occupation as "Future President of Mars" that first caught astrophysicist Neil deGrasse Tyson's eye.

Long, an ISU physics student and Boise native, had reached out to Tyson's radio and television show "StarTalk" in the past about a possible job without success. It wasn't until his mother got him tickets to Tyson's traveling lecture that included a backstage meet and greet did the ball really begin to roll.

"My mother jokingly suggested that I should take my resume to try and get a job with him." said Long.

Upon meeting Tyson, the two clicked and the TV host urged Long to again contact StarTalk and assured him that someone would be in touch with him. Long gave Tyson his resume, which listed his occupation as the Future President of Mars.

"Dr. Tyson urged me to send it on to Jeff Simons, my now-direct boss at StarTalk, who responded the next day saying 'Now that I know you'll be the future President of Mars, let's talk,'" Long said.

Tyson is a celebrity astrophysicist, cosmologist, author and science communicator, not unlike a Carl Sagan or a Bill Nye. As the host of "StarTalk," Tyson intersects between pop culture and science.

Long aspires to follow in Tyson's footsteps.

"Any physicist you talk to will be a smart person. However, a lot of what they say might be too technical and go straight over the average person's head," Long said. "It takes a lot of

Kirk Long is using his internship with StarTalk to help build a career.

work to be able to remember what it was like before you understood something, and to be able to explain things with that mindset."

Long now assists with "StarTalk's" social media by writing blog posts and occasional tweets. This promotes the show while helping to build his personal brand. Long is currently working on a blog post about his latest trip to New York to visit Tyson.

"I wanted an internship that would hone my communication skills," Long said.

Long, who is on a full academic scholarship at ISU, minors in mathematics and piano. Along with his busy class schedule he has found time to find his higher learning niche. Long is a part of the Honors Program, and last semester he helped edit an APA journal with an honors professor he connected with titled, "Administrative Issues Journal: Connecting Education, Practice and Research." He is also an intern for the Honors Program this semester and an honors mentor.

"ISU has really made college affordable and I like to be involved here," Long said.

For the past two years, Long has hosted astronomy night at ISU, where he gives a lectures, similar to what Tyson does, and then shows students objects through telescopes.

"That originally started as a class project for an honors class I was taking, but now it's something I hope to do every year. It's been well attended, with around 150 people both years," he said.

Long plans to get his doctorate in astrophysics and is considering places like the University of Utah or Columbia University in New York.

"My end goal is to be a science educator like Tyson," hesaid. "A lot of people get scared by math or physics, but for the average person to be literate about the concepts isn't too hard. That's what I'm really passionate about."

"I fully expect to see Kirk on TV or a podcast someday, being a science educator," Jeffrey Simons, "StarTalk" Radio's social media director said.

"As a student studying to someday do what Dr. Tyson does, it's incredibly valuable to be able to be anywhere near his orbit," Long said.

Building a Foundation for the Future

Biological sciences are the bedrock of studying medicine and the health and environmental sciences. The full gamut of health practitioners, from nurses and dietitians to doctors and pharmacists, as well as ecological and environmental scientists, must have a foundation in biological science to pursue their education and careers and to provide needed care.

At Idaho State University, the Gale Life Sciences Building is the foundation and core for the teaching of the biological sciences.

"The Gale Life Science Building, if not the most important building on campus, is as important as any other building because the teaching of biology is foundational to the teaching of health professions in every shape and form," said Lyle Castle, interim dean of the ISU College of Science and Engineering. "Beyond that, in ISU's main research areas – health, environment and energy – the biological sciences are vital to all three, particularly to health and environmental research, which they affect in a very big way."

Because of the building's importance, ISU administrators have pitched a $12-million plan to upgrade the Gale Life Sciences Building beginning in fiscal year 2018. They've asked the Idaho Permanent Building Fund for $10 million and the University will provide $2 million of its funds for this multi-year request.

If the funds for the upgrade are approved, this will be the first major upgrade to the building's infrastructure since it was built in 1970.

"The improvements will focus on improving the building's infrastructure," said Jason Adams, Director of Design and Construction for ISU Facilities

The Gale Life Sciences Center is home to the Pocatello Anatomy and Physiology Laboratory, where students get hands-on experience with state-of-the-art technology.

Services. "We would be upgrading the building's electrical system and the steam, natural gas and HVAC systems. We are also hoping to remodel one of the upper floors as part of the project to create a core laboratory facility."

The project would also include remodeling spaces to increase their functionality and to modernize them, adding teaching technologies such as distance learning. Most importantly, it would improve the learning atmosphere and potential for students and faculty.

The planned renovations would be done in phases designed to minimize the potential disruption the construction could cause. If the project receives funding, it would start in July, first with the planning and design stage and then followed by construction in phases, Adams said.

Currently, the building houses more than 30 faculty research laboratories and numerous classrooms.

The upgrade would improve the atmosphere for current students, and be a boon for recruiting and faculty moral.

"The university will continue to offer high-quality biological science programs regardless of what happens," Castle said, "but the renovation of the Gale Life Sciences building is a key element for improving enrollment at ISU. I think it would be a great recruiting tool for new students and for us to continue to attract high quality faculty."

Besides replacing the roof, adding an emergency generator and upgrading some the building's heating, ventilation and air conditioning systems, there have been few upgrades to the building's infrastructure since it was built nearly 50 years ago.

One major upgrade, which has had the kind of results a larger upgrade could accomplish, is the $1 million-plus anatomy and physiology laboratory upgrade and the installation of an $87,000 virtual dissection/human anatomy table in the Gale Life Sciences Building that was completed in summer 2015. This greatly improved the already exceptional quality of anatomy and physiology classes taken by hundreds of Idaho State University students each semester on the Pocatello campus. The old anatomy and physiology laboratory was updated with new ventilation, heating, cooling and lighting, and was "completely gutted and remodeled" with new ceiling tiles, flooring and cabinets. Its refrigerated area was expanded and upgraded and now has the capacity to hold eight cadavers. The $87,000 Anatomage Table used for human anatomy instruction is "billed as most technologically advanced anatomy visualization system for anatomy education."

"The cadaver laboratory upgrade has been a huge improvement for the students," Austin said. "Overall, the students are really enjoying the upgrade. It has been a big hit not only for the teaching of health professional students, but also as a recruiting tool, showcasing this new facility and state-of-the-art instrument to prospective students."

Also planned in May are upgrades to the building's neuroscience, physiology, biochemistry and cell biology laboratories, but an overall upgrade to the building's infrastructure is needed.

"The strength of our natural sciences is crucial for the function of our University," Castle said. "And a major renovation of the Gale Life Sciences Building would greatly help that cause."

Students Help Make the Difference in Reaching Customers

Nearly four years ago, Dave Hunt, director of Pocatello Regional Transit, was facing a large problem– how to reach his customers.

Starting out, Hunt said they had a good idea of who their audience was and the message they needed to convey through their marketing.

"[We also knew] we needed to modernize our outreach, but we lacked skills and money to make it happen," Hunt said.

"The most needy turn to us because we are the only game in town that is tax-supported, so marketing takes a back seat to funding service on the ground," Hunt said.

Traditionally, the bussing service has relied on occasional print media and radio ads to share the word about their services, but Hunt wanted to look at more affordable digital media options.

Seeking a way to begin implementing these more affordable, but time consuming digital marketing tools, Hunt approached Dave Doran, the Project Manager for SICOG, a government agency designed to help build a bridge between public services and the community.

Doran approached John Ney, the Director of Professional Development for the College of Business.

Ney said he is often approached by businesses in the community like Pocatello Regional Transit that are in need of marketing help and lack the funding,

"This is where our class projects are very beneficial for both the student and businesses. We have a project for each of my marketing classes," said Ney, who is also a clinical assistant professor of Marketing at the ISU College of Business. "With these projects, businesses get free labor and a fresh pair of eyes to evaluate their situation

Career Path Intern Tynan O'Neal built an advertising portfolio for Pocatello Regional Transit.

from a student's perspective. They also get to see if that student would be someone they might want to hire long-term."

The class project began with PRT presenting typical ridership, budget and target demographic to the class. Students worked in groups to research and analyze PRT's current initiatives and provide recommendations based on similar businesses and their findings. At the end of the project, students were asked to formally present to Doran, Pocatello Mayor Bryan Blad, PRT Operations Manager Skyler Beebe and Hunt.

"We were very impressed by the research and work students put into the project," said Doran. "It really made it seem real and professional for them presenting to the Mayor of the city."

PRT continues to use recommendations from several of the class presentations and has implemented the strategies as part of their long-term plan. The agency learned to connect with their riders and how to gain new revenue through bus advertising.

"During the class presentations, my focus was to analyze the students presenting and look for an intern that would fit what we were looking for," said Doran.

Doran hired business student Tynan O'Neil through the University's Career Path Internship Program, to put the marketing plans into action. Since 2011, the Career Path Internship program has provided more than 3,600 students with paid internships in their field of study.

O'Neil created a project titled "Ads that Move." In this venture, O'Neil put together an advertising pricing portfolio that would take PRT's current ad displays on their busses from small posters to full bus wraps, generating revenue and participation from local hospitals and real estate agencies. The team also helped develop partnerships with local businesses that were close to destination stops.

"Our largest demographic of riders is students at the University," Doran said. "So, we have tried to focus on reaching them through most of our campaigns."

PRT also hired student Ryan Byers to develop a library of videos to advertise transportation services and answer questions the public might have. For Byers, coming into the public transportation industry was a real eye opener.

"I knew transportation from a consumer point of view," Byers said, "but I never even thought about what went on behind the scenes. During the internship my eyes were opened up to things like transit financial concerns, the discussions about how to best utilize the limited number of busses and the best way to merge a few routes together. These decisions were never taken lightly by the PRT staff. They were truly concerned about the public's well-being. It gave me faith that the city's transportation needs were in good hands."

For Byers, the opportunity to gain "behind the scenes" insight into the public program transformed his internship into more than just an opportunity to build upon his portfolio.

"I think the greatest benefit to students is the real-world experience and experiential learning overall," said Ney. "In addition, like the business they also get to test out the company culture and industry to see if this is a company and or industry they would like to work for or in. It is also very helpful for a student to be able to put an internship on their resume."

TRiO Office Receives New Grant for Educational Opportunity Center

When Nicole Mitchell first came to Idaho State University as a non-traditional student, she was not sure where to begin. That was when she decided to turn to TRiO for assistance.

"I am very grateful for the support I've received from TRiO over the past few years, because without them I would not be where I am today," Mitchell said.

Mitchell's first step was setting up a meeting with TRiO director Sari Byerly.

Mitchell said that during the first few meetings with Byerly, the two of them discussed her situation.

Since Mitchell is a non-traditional student, she and Byerly realized that her path would be more complicated than that of a traditional student.

Mitchell said Byerly helped her take care of past student fees, her academic appeal letter, FAFSA, and class schedule.

"Being able to email someone for assistance and receive a response the same day, sometimes within the same hour, has been great," Mitchell said. "The assistance I've received from TRiO as a non-traditional student has been a blessing, because without their help I wouldn't be in school now."

Soon, even more non-traditional students will be given access to assistance with higher education. One thousand adults in five counties across south-central Idaho will be given further "access and opportunity to higher education" through Idaho State University's new five-year, $1.2 million TRiO grant for an Educational Opportunity Center (EOC).

The TRiO office will use its latest $1.2 million grant to serve students in five counties.

The EOC grant will serve non-traditional students, or adult learners, across the counties of Cassia, Twin Falls, Minidoka, Gooding and Jerome.

ISU TRiO executive director Sari Byerly said having a TRiO Educational Opportunity Center in Southcentral Idaho will be a huge benefit to its residents.

"We're here to provide access and opportunity to education," Byerly said.

A common problem for non-traditional students, especially those who have not attended college before, is the fact that so much of the application process takes place online.

"We sling words like FAFSA around all the time, but not everyone knows what that means or to go online to process an admissions application, for example," Byerly said.

Another primary goal of the EOC will be to assist participants who do not have a GED or secondary school diploma obtain that qualification. In the five counties the grant will reach, 86 percent of the population has not earned a bachelor's degree.

TRiO will work with participants as long as necessary to get them ready to enroll, Byerly said.

"If needed, we will work with these individuals for two, three, maybe even four years depending on what level they come to us with," Byerly said.

Since the EOC is a new program in Southcentral Idaho, the TRiO office is currently collaborating with the College of Southern Idaho to create space for the program's home base.

TRiO advisors will work from the EOC home base and collaborate with various departments and offices.

While about 10 percent of their time will be spent documenting their services, the advisors' primarily goal is to get involved with the community to reach as many people as possible.

"Our advisors will probably only work out of the home base for four out of five days of the week," Byerly said. "The rest of their time will be spent working with places like the department of labor to conduct workshops to directly reach out to unemployed people."

Byerly said TRiO advisors will also reach out to potential participants by working closely with the CSI refugee center, drug court, Community Council of Idaho, and migrant services.

"Since this grant will be affecting so many people, it really is all about reaching out to front-end offices and health and welfare offices, who in turn give our information to individuals and families," Byerly said.

Of the 1,000 participants that will be involved in EOC, two-thirds will be both first-generation students and limited income, while one-third can be one or the other.

Byerly said that she is very excited about this grant because it is the first grant ISU TRiO has received that caters specifically to adult learners at a pre-college level.

"When I started as the TRiO director four and a half years ago, I kept thinking we needed more grants, and that we needed to reach out to more communities and get more participants," Byerly said. "That's one of the main things I've been working on for the past four and a half years, and I think this grant is a great step in that direction."

The Educational Opportunity Grant is the third major grant the TRiO office has received this year.

Center Makes Research More Approachable for Campus Community

In addition to working on several new research grants, John Dudgeon, the director of the Center for Archaeology, Materials and Applied Spectroscopy (CAMAS) at ISU, is working to make research at the university more accessible to the campus community.

The research at CAMAS is varied- on one project, faculty and students are studying ancient pottery made by people in the Southwest to learn more about where they gathered their materials, and their travel patterns. On another project, researchers are studying climate change in the Pacific by analyzing examining fish hooks made out of pearl shell, which is a good recorder of environmental conditions.

"By examining the fish hooks themselves, we can determine what kind of climatic change is taking place," Dudgeon said. "From there, we can figure out whether these changes are taking place naturally or if they are a result of peoples' impact on the landscape. It gives us another way to answer larger archaeological questions."

Dudgeon said he would like to see a broader discussion on collaboration in research, and CAMAS is a good example of that because it was created with that intention.

"We've had people from all disciplines work with us, and they typically share in the instrumentation and costs," Dudgeon said. "People have come and gone out of the group's core membership over time, but now that we're in a location that's closer to everyone, we're going to try to build up the membership again and get more people involved in it."

The lab's new locations in the Pharmacy and Physical Science buildings are helping to facilitate Dudgeon's goal of a more accessible research space.

At the CAMAS research center, students and faculty from across the University are sharing resources and knowledge.

"Our new space is central, so people can come in any time they want," Dudgeon said. "It also gives us more synergy and opportunities to collaborate with other departments like chemistry, biology and geosciences, which in turn lets us take on more projects."

Getting more people involved is also beneficial for the lab because it allows them to earn more money in grants as well as receive funds to replace tools when they wear out and sponsor student research. CAMAS is home to several National Science Foundation grants, including grants that support the pottery and fish hook studies.

"The student research is really what it's all about," Dudgeon said. "When students come to me with research ideas, I always tell them money is no object because we support that and take care of it."

CAMAS currently utilizes three main labs that serve different purposes: the elemental and isotopic lab, the microscopy and microanalysis lab, and the ancient biomolecules lab.

The elemental and isotopic lab is mainly used to examine materials that require ionization. This is primarily done using a plasma machine with a 6,000-degree flame that is capable of characterizing samples into a trillion parts and analyzing them.

"This lab has allowed us to do a lot of work with the Technical Safety Office and other facilities that come into contact with radioactive elements," Dudgeon said.

"We've done a lot of urinalysis for them in particular. You wouldn't expect to find uranium in your body, but your bones treat it like calcium. It stays in your system and you excrete it over time," he added.

The microscopy and microanalysis lab is home to a microscope that is capable of magnifying samples to a very high resolution.

Dudgeon said this microscope is used for wet samples. For example, it could be used to examine a piece of frog leg tissue to show how the different muscles work together.

"We mostly use it for forensic applications, but we sometimes use it for archaeo-forensic and archaeo-chemistry purposes as well," Dudgeon said.

The ancient biomolecules lab is a former surgical bay that Dudgeon and his team transformed into a class 1000 clean lab. It is used for sample processing for DNA extractions, calculus dental tartar extractions and stable isotope work.

"We can bring a biological sample in here and sequester it from the outside world and be confident that it's not contaminated with other people or the environment around them," Dudgeon said.

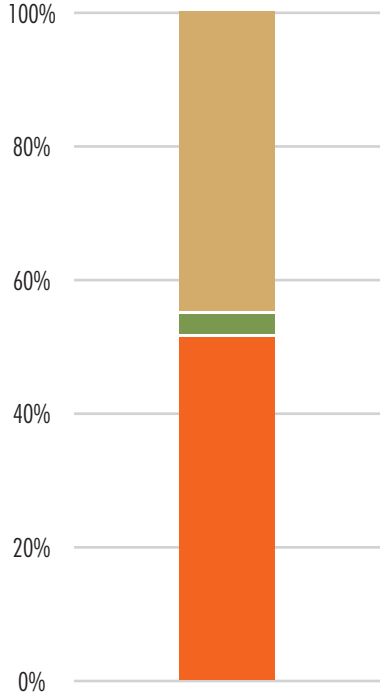
There are only two or three other universities in the US that serve the same purpose and have access to the same machines and tools that CAMAS does.

"It doesn't matter who you are, if you want to come to CAMAS and do work we will train you how to do it and help you get the best result possible," Dudgeon said. "Historically, CAMAS has been really good at getting the tools, making them available, and making sure they stay available for people to use."

Summary Statement of Net Position

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash, cash equivalents, and cash with Treasurer	$127,587,153	$110,790,792
Investments	20,408,666	20,237,619
Student loans receivable	300,834	325,398
Accounts receivable and unbilled charges, net	16,452,119	26,845,864
Due from state agencies	3,634,429	4,022,347
Other current assets	2,312,181	1,789,907
TOTAL CURRENT ASSETS	**170,695,382**	**164,011,927**
NONCURRENT ASSETS		
Student loans receivable, net	945,660	1,062,945
Assets held in trust	298,400	294,626
Prepaid bond insurance costs	33,444	85,417
Capital Assets, net	172,492,913	177,286,430
Other long-term assets	-	8,000
TOTAL NONCURRENT ASSETS	**173,770,417**	**178,737,418**
TOTAL ASSETS	**344,465,799**	**342,749,345**
DEFERRED OUTFLOWS OF RESOURCES	**8,599,691**	**3,964,810**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$353,065,490**	**$346,714,155**
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	6,875,970	4,756,193
Due to state agencies	704,796	103,707
Accrued salaries and benefits payable	10,618,098	11,408,978
Compensated absences payable	5,485,812	5,217,489
Deposits and funds held in custody for others	1,416,934	1,303,507
Unearned revenues	6,906,787	6,626,293
Current portion of long-term obligations	5,124,667	5,666,307
TOTAL CURRENT LIABILITIES	**37,133,064**	**35,082,474**
NONCURRENT LIABILITIES		
Other post-employment benefits payable	9,020,000	8,265,000
Pension Liability	12,032,251	6,774,117
Notes and bonds payable	41,773,136	46,134,923
TOTAL NONCURRENT LIABILITIES	**62,825,387**	**61,174,040**
TOTAL LIABILITIES	**99,958,451**	**96,256,514**
DEFERRED INFLOW OF RESOURCES	**7,870,309**	**9,350,207**
NET POSITION		
Invested in capital assets	126,984,356	126,573,391
Restricted, expendable	5,053,113	4,961,978
Unrestricted	113,199,261	109,572,065
TOTAL NET POSITION	**245,236,730**	**241,107,434**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$353,065,490**	**$346,714,155**

NET POSITION



Invested in capital assets 52%
$126,984,356

Restricted, expendable 2%
$5,053,113

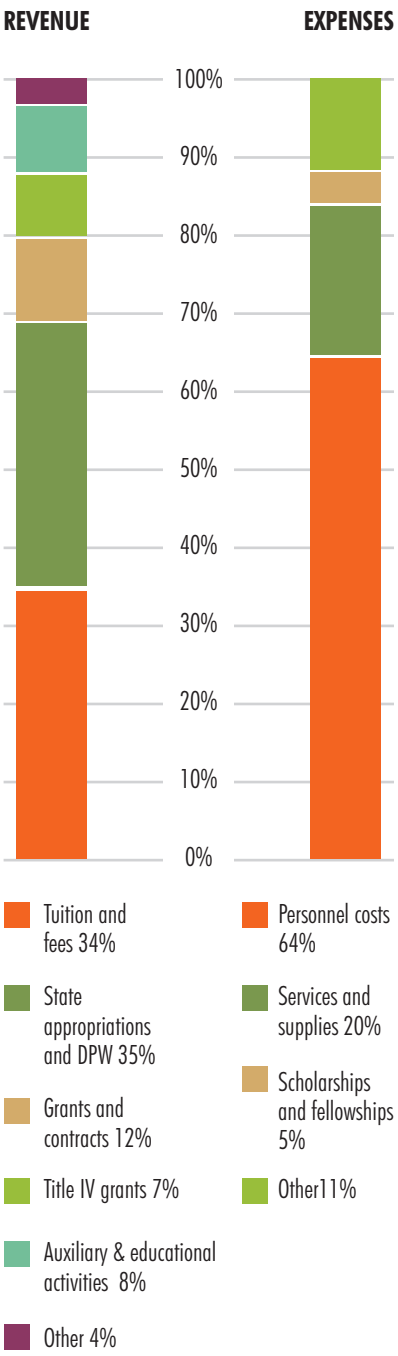
Unrestricted 46%
$113,199,261

Total Operating and Nonoperating Revenue
$245,236,730

The information in the Summary Statement of Net Position is derived from Idaho State University's June 30, 2016 audited financial statements. The audited financial statements and related notes can be viewed online at isu.edu/finserv/account/ISUSingleAudit2016&SEFA.pdf

Summary Statement of Revenues, Expenses and Changes in Net Position

	2016	2015
OPERATING REVENUES		
Student tuition and fees, net	$87,208,911	$88,206,974
Federal grants and contracts	10,019,841	9,290,225
State and local grants and contracts	12,249,400	11,733,975
Private grants and contracts	7,251,844	7,012,923
Sales and services of educational activities	6,979,623	7,311,610
Sales and services of auxiliary enterprises	14,236,801	14,015,044
Other	3,858,144	3,678,615
TOTAL OPERATING REVENUES	**141,804,564**	**141,249,366**
OPERATING EXPENSES		
Personnel costs	160,776,462	149,425,555
Services	30,142,180	26,747,825
Supplies	18,916,787	14,823,343
Insurance, utilities and rent	7,486,150	7,350,446
Scholarships and fellowships	11,960,896	12,514,538
Depreciation	12,776,292	12,622,576
Miscellaneous	6,226,267	5,083,395
TOTAL OPERATING EXPENSES	**248,285,034**	**228,567,678**
OPERATING LOSS	**(106,480,470)**	**(87,318,312)**
NONOPERATING REVENUES (EXPENSES)		
State appropriations - general education	71,057,200	68,005,400
Other state appropriations	19,124,394	20,815,432
Title IV grants	16,668,145	18,879,046
Gifts	5,632,083	5,843,281
Net investment income	189,275	195,658
Amortization of bond insurance costs	(6,936)	(7,267)
Bond issuance costs	(185,960)	-
Interest on capital asset related debt net of capitalized	(1,704,084)	(1,923,003)
NET NONOPERATING REVENUES	**110,774,117**	**111,808,547**
INCOME BEFORE OTHER REVENUES AND EXPENSES	**4,293,647**	**24,490,235**
OTHER REVENUES AND EXPENSES		
Gain or (loss) on disposal of fixed assets	(164,351)	(85,380)
Net other revenues and expenses	(164,351)	(85,380)
INCREASE IN NET POSITION	**4,129,296**	**24,404,855**
NET POSITION, BEGINNING OF YEAR	241,107,434	231,484,666
CUMULATIVE EFFECT OF IMPLEMENTING GASB 68 (NOTE 2)	-	(14,782,087)
NET POSITION, BEGINNING OF YEAR (AS RESTATED)	241,107,434	216,702,579
NET POSITION, END OF YEAR	**$245,236,730**	**$241,107,434**



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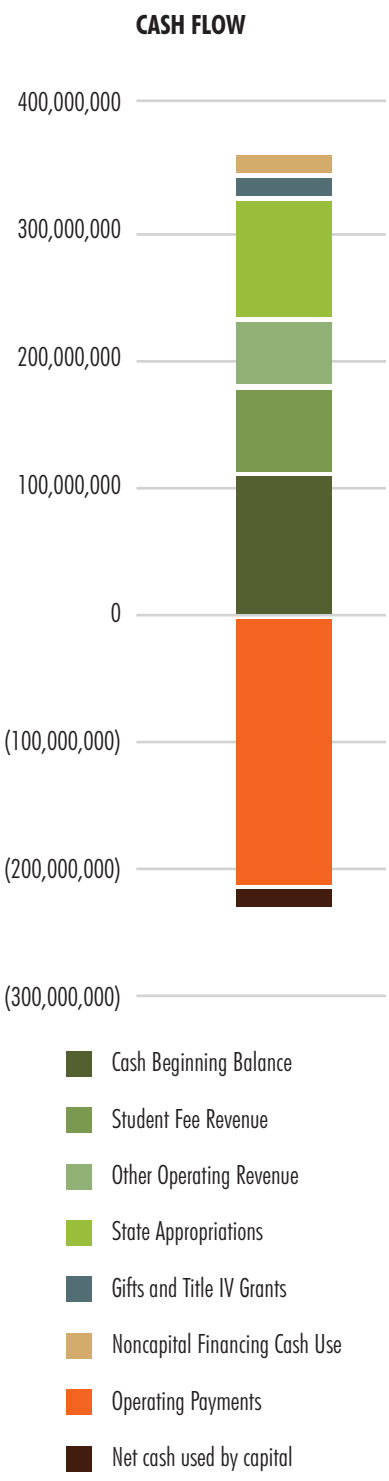
Summary Statement of Cash Flows

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Student fees	$76,054,017	$76,401,610
Grants and contracts	29,129,834	27,882,961
Sales and services of educational activities	6,085,988	6,562,763
Sales and services from auxiliary enterprises	14,179,941	14,144,594
Other operating revenue	3,815,552	3,667,055
Collection of loans to students	969,353	547,711
Payments to and on behalf of employees	(157,241,615)	(146,151,983)
Payments to suppliers	(58,170,745)	(52,971,921)
Payments for scholarships and fellowships	(3,278,282)	(4,468,182)
Loans issued to students	(869,131)	(434,450)
NET CASH USED BY OPERATING ACTIVITIES	**(89,325,088)**	**(74,819,842)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	87,941,416	83,957,238
Gifts	5,485,162	5,198,387
Title IV grants	16,522,016	19,012,657
Agency account net of receipts and payments	9,372,928	(10,995,672)
Direct lending net of receipts and payments	438,491	(588,567)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**119,760,013**	**96,584,043**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Purchases	(6,458,482)	(7,862,390)
Proceeds from advance funding of debt	140,879	-
Cost of issuance for advance refunding bonds	(134,841)	-
Principal paid on capital debt	(5,142,488)	(4,958,257)
Interest paid on capital debt	(2,061,720)	(2,270,755)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(13,656,652)**	**(15,091,402)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(14,940,875)	(15,611,276)
Proceeds from sales and maturities of investments	14,940,875	15,611,276
Investment income	18,088	17,009
NET CASH USED BY INVESTING ACTIVITIES	**18,088**	**17,009**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**16,796,361**	**6,689,808**
CASH AND CASH EQUIVALENTS — Beginning of year	110,790,792	104,100,984
CASH AND CASH EQUIVALENTS — End of year	**$127,587,153**	**$110,790,792**



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Summary Statement of Financial Position

	2016	2015
ASSETS		
Cash and cash equivalents	$2,551,354	$2,167,955
Cash held pursuant to bond requirements	-	447,429
Promises to give, net	3,841,977	4,253,218
Life insurance cash surrender value	92,082	100,979
Inventory	412,280	361,181
Pharmacy receivables, net	202,039	218,853
Miscellaneous receivables	40,325	1,684
Prepaid Expenses	114,171	63,701
Capitalized bond issuance costs, net	-	88,036
Property, Plant and Equipment	372,700	183,535
Goodwill	199,241	199,241
Donated land held for sale	1,824,556	1,945,856
Investments	52,845,818	53,918,942
TOTAL ASSETS	**$62,496,543**	**$63,950,610**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$432,700	$391,565
Scholarships and other payables to Idaho State University	426,317	423,941
Obligations to beneficiaries under split-interest agreements	850,798	917,521
Funds held in custody for others	716,020	652,640
Long-term debt	5,291,106	5,957,779
TOTAL LIABILITIES	**7,716,941**	**8,343,446**
NET ASSETS		
Unrestricted	(4,350,626)	(4,086,482)
Temporarily restricted	18,388,380	20,726,350
Permanently restricted	40,741,848	38,967,296
TOTAL NET ASSETS	**54,779,602**	**55,607,164**
TOTAL LIABILITIES AND NET ASSETS	**$62,496,543**	**$63,950,610**

The information in the Summary Statement of Net Position is derived from Idaho State University's June 30, 2016 audited financial statements. The audited financial statements and related notes can be viewed online at isu.edu/finserv/account/ISUSingleAudit2016&SEFA.pdf

Summary Statement of Activities

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Contributions and gifts	$1,637,846	$2,530,133	$1,868,591	$6,036,570
Contributed services	393,251	10,250	-	403,501
Interest and dividends	193,575	402,250	324	596,149
Net realized/unrealized gain on investments	97,464	(1,563,965)	6,465	(1,460,036)
Fees, charges, and miscellaneous	895,602	395	-	895,997
Pharmacy revenue	3,503,006	-	-	3,503,006
Less cost of goods sold	(3,057,054)	-	-	(3,057,054)
Net Pharmacy charges	445,952	-	-	445,952
Net change in value of split-interest agreements and life insurance	-	34,312	39,638	73,950
Donor designated transfers	(300)	140,766	(140,466)	-
Net assets released from program restrictions	3,892,111	(3,892,111)	-	-
TOTAL REVENUES	**7,555,501**	**(2,337,970)**	**1,774,552**	**6,992,083**
EXPENSES				
Program support to Idaho State University				
Donations/transfers	1,293,830	-	-	1,293,830
Scholarships	1,869,773	-	-	1,869,773
Athletic	228,028	-	-	228,028
Department support	1,882,867	-	-	1,882,867
Support services				
Management and general	547,731	-	-	547,731
Fundraising	1,473,607	-	-	1,473,607
Pharmacy expenses	523,809	-	-	523,809
TOTAL EXPENSES	**7,819,645**	**-**	**-**	**7,819,645**
CHANGE IN NET ASSETS	**(264,144)**	**(2,337,970)**	**1,774,552**	**(827,562)**
NET ASSETS, beginning of year	(4,086,482)	20,726,350	38,967,296	55,607,164
NET ASSETS, end of year	**$(4,350,626)**	**$18,388,380**	**$40,741,848**	**$54,779,602**

The information in the Summary Statement of Net Position is derived from Idaho State University's June 30, 2016 audited financial statements. The audited financial statements and related notes can be viewed online at isu.edu/finserv/account/ISUSingleAudit2016&SEFA.pdf

Summary Statement of Activities

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Contributions and gifts	$1,263,570	$2,423,074	$3,626,016	$7,312,660
Contributed services	714,109	-	-	714,109
Interest and dividends	133,487	330,823	-	464,310
Net realized/unrealized gain on investments	21,548	208,213	-	229,761
Fees, charges, and miscellaneous	881,750	29,449	-	911,199
Pharmacy revenue	1,908,647	-	-	1,908,647
Less cost of goods sold	(1,395,718)	-	-	(1,395,718)
Net Pharmacy charges	512,929	-	-	512,929
Net change in value of split-interest agreements and life insurance	-	(114,130)	(71,669)	(185,799)
Donor designated transfers	48,883	(111,195)	62,312	-
Net assets released from program restrictions	3,373,872	(3,373,872)	-	-
TOTAL REVENUES	**6,950,148**	**(607,638)**	**3,616,659**	**9,959,169**
EXPENSES				
Program support to Idaho State University				
Donations/transfers	1,456,139	-	-	1,456,139
Scholarships	1,397,610	-	-	1,397,610
Athletic	196,049	-	-	196,049
Department support	2,108,971	-	-	2,108,971
Support services				
Management and general	464,844	-	-	464,844
Fundraising	1,744,644	-	-	1,744,644
Pharmacy expenses	586,572	-	-	586,572
TOTAL EXPENSES	**7,954,829**	**-**	**-**	**7,954,829**
CHANGE IN NET ASSETS	**(1,004,681)**	**(607,638)**	**3,616,659**	**2,004,340**
NET ASSETS, beginning of year	(3,081,801)	21,333,988	35,350,637	53,602,824
NET ASSETS, end of year	**$(4,086,482)**	**$20,726,350**	**$38,967,296**	**$55,607,164**

The information in the Summary Statement of Net Position is derived from Idaho State University's June 30, 2016 audited financial statements. The audited financial statements and related notes can be viewed online at isu.edu/finserv/account/ISUSingleAudit2016&SEFA.pdf

Notes To The Summary Financial Statements and Use Of The Summary Financial Statements

The summary financial statements consist of the following three statements: Summary Statement of Net Position, Summary Statement of Revenues, Expenses and Changes in Net Position, 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, 2016 and 2015. The summary financial statements aggregate certain line items contained within some audited financial classifications to provide a more summarized presentation and do not include 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 isu.edu/finserv/account/ISUSingleAudit2016&SEFA.pdf.

ORGANIZATION

Idaho State University (the University) is part of the public system of higher education in the State of Idaho (the 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 headquartered in Pocatello, Idaho with satellite campuses in Idaho Falls, Twin Falls, and Meridian, Idaho.

SUMMARY STATEMENT OF NET POSITION

Reflects the financial position of the University at the end of the fiscal year. The difference between assets plus deferred outflows and liabilities plus deferred inflows represent net position. Changes in net position occur over time and are one indicator of the financial condition of the University.

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Presents the revenues earned and expenses incurred during the 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 for the 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.

SUMMARY OF ACCOUNTING POLICIES AND PRACTICES

The summary of accounting policies and practices were derived from the University's audited financial statements for the fiscal years ended June 30, 2016 and 2015. Significant summary accounting policies and practices are described below to enhance the usefulness of the summary financial statements to the reader.

• 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.

• 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.

• INVESTMENTS

The University accounts for its investments at fair value. Investment Income is recorded on the accrual basis. Changes in unrealized gains and losses on the carrying value of investments are reported as a component of net investment income in the Statement of Revenues, Expenses and Changes in Net Position.

• 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.

• INVENTORIES

Inventories, consisting primarily of items held by University Stores, are valued at the lower of first-in, first-out ("FIFO") cost or market.

• CAPITAL ASSETS

Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at date of the gift. The University's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. 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 does not capitalize. The University charges these collections to operations at the time of purchase, in accordance with generally accepted accounting principles.

• DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net assets by the University that are applicable to future reporting periods. Similar to assets, they have a positive effect on net position. Deferred inflows of resources are an acquisition of net position that apply to future reporting periods. Similar to liabilities, deferred outflows reduce net position.

• UNEARNED REVENUES

Unearned 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. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

• COMPENSATED ABSENCES

Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes.

• NONCURRENT LIABILITIES

Noncurrent liabilities include the principal portions of revenue bonds payable, notes payable with contractual maturities greater than one year, and other post-employment benefits payable.

• NET POSITION

The University's net position is categorized as follows:

INVESTED IN CAPITAL ASSETS

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

This includes resources which the University is legally or contractually obligated to use in accordance with restrictions imposed by external third parties.

UNRESTRICTED

This represents 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.

• INCOME AND UNRELATED BUSINESS INCOME TAXES

The University, as a political subdivision of the State of Idaho, is excluded from Federal income taxes under Sec-

tion 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, 2016 or 2015.

• SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student fee revenues are reported net of scholarship discounts and allowances in the summary statement of revenues, expenses, and changes in net position. 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 or other third parties making payments on the students' behalf.

• 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.

• RESTATEMENT OF NET POSITION

The University implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, in 2015. The restatement is effective for financial statement periods beginning after June 15, 2014, with the effects of accounting changes to be applied retroactively by restating the financial statements. The Statement requires the University to record its proportionate share of the defined benefit pension obligations for active, inactive and retired employees receiving retirement benefits under the Public Employee Retirement System of Idaho ("PERSI").

Net Position Restated – The cumulative effect of implementing GASB 68 decreases the net position end of year for June 30, 2015, by $14,782,087 from $231,484,666 to $216,702,579.

• 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.

COMPONENT UNIT DISCLOSURE

The Foundation is discretely presented within the financial statements as a component unit.

The Foundation prepares its financial statements based upon generally accepted accounting principles in accordance with standards issued by the Financial Accounting Standards Board.

Foundation Operations

The Foundation was established in March 1967 to provide support for the private fundraising efforts of the University and to manage privately donated funds. The Foundation is a not-for-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.

The Foundation has a subsidiary corporation called Bengal Pharmacy, LLC (the Pharmacy) that was formed to serve students, administrative staff and faculty being seen by the student health center and residency program, in addition to 340b patients of a local Federally Qualified Health Center. The Pharmacy has expanded its original mission to support ISU's rural health mission by opening tele-pharmacy locations in Arco and Challis, Idaho.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and the Pharmacy because the Foundation has both control and economic interest in the Pharmacy. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The Foundation financial statements included in this report have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, whereby revenue is recorded when earned and expenses are recorded when materials or services are received. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported

at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Promises to Give

Unconditional promises to give are recognized as an asset and contribution revenue in the period the promise is received. Fair values of new promises to give are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would make in pricing the receivable. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Obligations under Split Interest Agreements

The Foundation administers such life income agreements as charitable remainder trusts where an income beneficiary is the lifetime recipient of income and the Foundation is the remainder beneficiary. Upon receipt of the gift, a liability is established for the estimated net present value of the lifetime recipient's interest using applicable mortality tables and a discount rate commensurate with the risks involved. A contribution is recognized for the estimated remainder interest.

Capitalized Bond Issuance Costs

Capitalized bond issuance costs consist of legal costs, underwriting fees, printing and other costs incurred to obtain, secure and rate the multi-mode variable rate revenue bonds issued for the construction of the L.E. and Thelma Stephens Performing Arts Center on May 30, 2001. The issuance costs for the multi-mode variable rate bonds have an original cost of $570,000 at May 30, 2001, and are amortized over the term of the bonds, using the effective interest rate method. During 2016, the Foundation redeemed the bond through a refinancing agreement. The unamortized portion of the bond issuance costs of $88,036 was expensed to reflect the payment of the bonds. Accumulated amortization of these bond costs at the end of June 30, 2016 and 2015 were $570,000 and $481,965, respectively.

Endowments

The Foundation's endowment consists of approximately 500 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Fair Value of Assets and Liabilities

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

Multi-Mode Variable Rate Revenue Bonds

A Multi-Mode Variable Rate Revenue Bond was issued on May 30, 2001 in the amount of $22,170,000. The Bonds were scheduled to fully mature on May 1, 2021 and were secured by donations, pledges and other funds held under the Bond Indenture. Debt balance at June 30, 2016 and 2015 was $0 and $5,600,000, respectively. During 2016, the bonds were redeemed and replaced with a note payable to a commercial lender. Total interest expense and fees during 2016 and 2015 were $128,053 and $98,505, respectively.

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