

# Annual Report

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# President's Letter

It's been a wonderful year at Idaho State University. As always, we are making improvements and changes at all of our locations, expanded degree opportunities, research opportunities and more.

This year, our faculty, staff and students have continued to show that it is the people that make our institution great. This year, we have seen generous alumni and friends make gifts that are changing the way our students learn. Inside this report, you'll find the story of the ALSAM Foundation, a charitable trust that is helping train the next generation of health professionals by funding an expansion at ISU-Meridian.

Our researchers are bringing their knowledge to people in our communities — faculty in our mechanical engineering and physical therapy departments are using virtual reality systems to help people who have had strokes rehabilitate arm movement. Others have created a laboratory to help test how well structures will withstand earthquakes, research that could have worldwide impacts. Our faculty are working with local school districts to find the best ways to educate the next generation of teachers. All are making a difference in the lives of others.

Every day, I am impressed by the accomplishments of our Bengal community, and I look forward to seeing what we accomplish in 2018.

*Arthur Vaites*

# In Love With Idaho

If Bill Byrne's college roommate had been a little taller in 1963, Idaho State University might never have received the beautiful life-sized bronze "Valentine" sculpture by renowned artist George Lundeen, which was unveiled on campus this September.

The sculpture is of an older couple sitting on a bench, depicting the same couple that Lundeen featured on his first life-sized sculpture from many years ago, showing how the couple had grown old together. It was donated to ISU by alumni Bill and Marilyn Byrne, who met at ISU, to celebrate the story of the many Bengals who fall in love and find their lifelong partners at ISU. Lundeen has been commissioned to sculpt portraits and interpretive works alike for universities, municipalities, foundations and corporations around the world.

"The gift of 'Valentine' is a reflection of the feelings the Byrnes have of their school," said Lundeen, in a letter read at a dedication ceremony. "If my intent to capture the love of

two people in bronze could match the love between Bill and Marilyn, I know it was a successful work. The 'Valentine' has found a wonderful home at Idaho State University."

But that love might not had happened if Marilyn was a bit shorter. Speaking at the ceremony, Bill told a story about how the couple met during a hay ride up to Scout Mountain when Marilyn was paired with his roommate.

"He came up to me and said 'we have to trade, she's taller than me,'" Bill said. "And that's how I met Marilyn and she didn't like me at all."

He said it took him several months to convince her to date him and then he relayed a humorous story about their courtship that occurred at Graveley Hall, which was in sight of the dedication ceremony that took place at the new sculpture located near the Hutchinson Quadrangle Amphitheater by the Pond Student Union Hypostyle. He'd gotten Marilyn back to what was then a dormitory, right before it was closed for curfew.

"Marilyn went up to her window and I'm standing outside talking to her and all of a sudden I get doused with a pail of water from someone on one of the other floors who wanted me to shut and up so they could go to sleep," Bill said.

The water didn't douse the relationship, however, as the couple's courtship resulted in their wedding in 1967, the same year they graduated from ISU. Their 50th wedding anniversary motivated them to make the gift this year.

"I think what George's gift is as an artist is how he can capture emotion and the spirit of life," Marilyn said. "And I felt that and Bill felt that from the first time we saw one of his sculptures and we've seen many more since that time. So we are thrilled to share this one with Idaho State, with the campus community and all of its alumni and students."

ISU officials expressed their appreciation for the gift.

"The symbolism in this particular piece of art says a lot that words can't describe," said Arthur C. Vailas, ISU pres-

# State

ident. “When you see it, it will be really close to your heart. I’d like to reiterate our deepest thanks.”

Marilyn Kent Byrne was honored this year at ISU Homecoming with the Distinguished Alumna Award. She graduated from ISU in 1967 after being named “Outstanding Junior Woman.” As an educator, she worked with students from sixth to 12th grade as a teacher, assistant principal and principal. After receiving her Ph.D. in mid-life, she began her career in higher education as a professor and then Dean of Graduate Studies in Educational Leadership at Doane University in Lincoln, Nebraska.

Her honors include the 1999 ISU College of Education Professional Achievement Award, as well as being the namesake of the Marilyn Kent Byrne Student Success Center at Texas A&M in the College of Education & Human Development. In addition she co-founded Pink Alliance, a nonprofit providing newly identified breast cancer patients with information, support and financial assistance.



Bill Byrne grew up in Rigby. He earned two degrees at Idaho State University, his BA in business in 1967 and his MBA in 1971. He also was student body president at ISU. Bill served as president of the National Association of Collegiate Directors of Athletics (NACDA) in 1991 and 1992. He is a member of the NCAA Championships Cabinet and a member of the NCAA Football Committee.

Bill’s career started as director of alumni relations at Idaho State University. Since then he has served as athletic director at the University of New Mexico, San Diego State University, the University of Oregon and the University of Nebraska. Currently, he is the athletic director at Texas A&M University in College Station, Texas.

“This marvelous gift by Marilyn and Bill Byrne simply adds to an extraordinary legacy the Byrne and Kent families are leaving for Idaho State University,” said Kent Tingey, ISU vice president for advancement. “Beginning with Clarence and Velma Byrne, these families have given selflessly and continuously of their time, talent and resources to the tremendous benefit of ISU. We are profoundly grateful to Marilyn and Bill for this meaningful gift, and for sharing Homecoming 2017 with us.”

Tyler Jepson, left, Evan Papa and Deanna Dye in physical therapy lab at ISU-Meridian.

# Physical Therapy Program Readies for Meridian

Idaho State University-Meridian will offer the Doctor of Physical Therapy degree next fall pending approval from the national Commission on Accreditation in Physical Therapy Education.

CAPTE is expected to give the green light this summer. Program bosses acknowledge they are working on a tight timeline, but they are confident they can fill the seats in Meridian, thanks to the anticipated demand for the program in the Treasure Valley.

“Expansion of the three-year program will add 24 seats to Meridian, complementing the existing 24 in Pocatello,” said program director and associate professor, Dr. Deanna Dye.

The new digs are part of a \$3.4 million, 30,000-square-foot build-out on the second floor of the Meridian Health Science Center. The project includes orthopedic skills and neuromanagement laboratories, offices, a wellness room, and classrooms equipped with distance-learning technology to connect Meridian to Pocatello.

“It’s phenomenal. It’s a great space,” said assistant professor and assistant program director, Dr. Evan Papa, who is based on the Meridian campus.

He joined ISU in September after spending four years at the University of North Texas Health Science Center in Fort Worth where he taught and conducted research. Papa holds doctorates in physical therapy and rehabilitation science from the University of Utah.

Classrooms and labs on the Pocatello campus have also been upgraded to accommodate the program expansion and ensure physical therapy students on both campuses share comparable educational experiences. Renovations include a new ventilation system in the anatomy and physiology labs, remodeled classrooms, and state-of-the-art distance-learning equipment.

ISU has also hired clinical assistant professor, Dr. Tyler Jepson, to help coordinate clinical affiliations and set up preceptorships for students in Meridian and Pocatello.

A physical therapist and clinic manager for St. Luke’s/Elks Rehabilitation for ten years, Jepson, who will be based in Meridian, is aware of the vital role preceptors play in health-science education.

“When I was working as a full-time clinician, I enjoyed having a physical therapy student working with me. I



think providing clinical instruction to students helped me become a better therapist myself,” said Jepson, who holds a doctorate in physical therapy from the University of North Dakota.

## PTs in demand

Physical therapists or PTs help people improve their movement and manage their pain after an injury, surgery, disease or a catastrophic event like a stroke, spinal cord or traumatic brain injury.

“Our job is to get you moving, functioning and enjoying life again,” Dye said.

Employment of physical therapists is projected to grow 25 percent nationally through 2026, according to the most recent statistics from the U.S. Department of Labor.



In Idaho, the job outlook is even better with the profession expected to grow 30 percent through 2024 with PTs earning a median hourly wage of about \$38, reports the Idaho Department of Labor. ISU offers the only doctorate of physical therapy program in Idaho.

The Department of Physical and Occupational Therapy is housed in the School of Rehabilitation and Communication Sciences within the Kasiska Division of Health Sciences. The Division plans to offer the master's degree in occupational therapy at ISU-Meridian in fall 2019.

## *Major Gift to Expand in Meridian*

The ALSAM Foundation—the charitable trust of the late drugstore magnate L.S. “Sam” Skaggs and his late wife Aline—has donated \$3.85 million to Idaho State University to expand the east wing of the Meridian Health Science Center, including the addition of a second floor.

The proposal calls for adding 4,000 square feet to the Health Science Center’s ground level and an additional 6,900 square feet above the new ground space and an existing patio area, said university officials. Construction is expected to begin this year on new academic and research space.

“We are honored to receive this generous gift from The ALSAM Foundation. Expanding the Meridian campus will enable us to grow our programs and enhance training opportunities for students and working health professionals for generations to come,” said ISU Vice President for Health Sciences Rex Force.

“Educating health care professionals was always a priority for my father. I know he would be pleased to see the growth and progress Idaho State University is making in Meridian,” said daughter Susie Balukoff, a member of The ALSAM Foundation’s Grants Committee.

Sam Skaggs, the retired chairman of American Stores Company, Inc., and wife Aline established The ALSAM Foundation in 1984. Based in Salt Lake City, the organization has spent millions of dollars in support of education, medical research, human services, Catholic agencies and charities.

ISU-Meridian offers more than 25 undergraduate, graduate and online programs, including pharmacy, physician assistant studies, nursing, audiology, paramedic and medical laboratory sciences in addition to research laboratories, a full-service dental clinic, counseling and speech and language clinics.

# Idaho State University and Adams County Open Council Telepharmacy

Residents of the small west central community of Council no longer have to drive to McCall or Weiser to get prescriptions filled, thanks to a partnership that allows Idaho State University pharmacists to fill prescriptions remotely.

The ACHC Pharmacy opened last April in the Adams County Health Center. Similar to telepharmacies operated by Bengal Pharmacy, LLC in Challis and Arco, the Council telepharmacy consists of a sophisticated, broad-band network connecting it to Bengal Pharmacy in Pocatello.

"The telepharmacy is up and running and things are going well. We have filled up to 50 prescriptions in one day, but the average is usually around 30 to 35 per day," said pharmacist-in-charge, Bret Jacobson, who is based in Pocatello.

"We love having our pharmacy back. It's wonderful," said Kim Smith, Adams County Health Center chief executive officer.

Left, Robert Fischer, ISU College of Pharmacy alumnus; Rex Force, ISU vice president for health sciences; Mary Ann Domecq, ACHC chief financial officer; Bret Jacobson, pharmacist-in-charge; Kim Smith, ACHC chief executive officer; Misty Lynam, pharmacy technician; Paul Cady, ISU College of Pharmacy dean.

The town had been without a local pharmacy for two years after a previous pharmacy elected not to renew its contract with the Adams County Health Center.

One full-time and two part-time pharmacy technicians staff the ACHC Pharmacy which consists of a video conference room where clients can talk directly to a pharmacist in Pocatello.

"We highly encourage that. Not only can our pharmacist counsel patients one-on-one, but our student pharmacists receive invaluable counseling experience as well," said Ja-

cobson. Bengal Pharmacy serves as a teaching pharmacy for students enrolled in ISU's Doctor of Pharmacy program.

Jacobson, who holds a Doctor of Pharmacy degree from the University of Wyoming, worked as a retail pharmacist in Utah and Preston, Idaho before joining ISU in October 2015.

Bengal Pharmacy is in the process of opening a fourth telepharmacy in the north Idaho town of Kendrick. It should be fully operational by spring.



# Among the Top 10

Sitting atop a hill overlooking Idaho State University, the L. E. and Thelma E. Stephens Performing Arts Center is the first thing many visitors see as they drive into Pocatello.

But for Susannah Mann, who is double-majoring in theatre and biomedical sciences, it's more than just a beautiful building — it's a second home.

Mann has spent many long nights at the Performing Arts Center, and she says she is sure she will spend plenty more before her time at Idaho State University is through. Mann transferred to ISU from Boise State University because she liked the friendly nature of the theatre program and the many opportunities to perform.

"It's a tight-knit kind of family here," she said. "I can't even say they are friends. It's really more like family."

For the second time, the Stephens Performing Arts Center has been named one of the top 10 best college performing arts centers in the nation. The first mention was in 2015 — this year, the Stephens Performing Arts Center ranked fourth nationwide.

"We are proud of the world-class facility in our community



and the artistic, cultural and educational opportunities it provides," said George Casper, director of events at ISU. "We are excited to see it once again recognized as a premier venue."

The Stephens Performing Arts Center is a \$34 million state-of-the-art complex, built primarily through the support of the Stephens family and hundreds of other private donors. The center includes a concert hall, two theatres and a rotunda for events. The facility also features a costume design studio, set design shop, classrooms and meeting space. The space also recently received a \$500,000 sound system upgrade, and a new, state-of-the-art energy efficient lighting system was installed last year.

Mann said the top-notch facilities have made an incredible difference in her education.

"I can't imagine not having classrooms and facilities like these," she said. "It makes the quality of what they are able to teach us so much better."

The list of best performing arts centers was produced as a part of tripping.com's blog which suggests "the best in off-the-beaten-track activities and events" for users who enjoy discovering new things to do near where they live or vacation. Tripping.com is a national search engine for vacation rentals.

Along with dozens of community events, including performances by nationally-renowned stars such as David Archuleta, the Eagles, the Nitty Gritty Dirt band and Collin Raye, has provided a comfortable but elegant venue for hundreds of community events.

# Lending a Helping Hand

Idaho State University mechanical engineering and physical therapy faculty and graduate students have teamed up to create a virtual reality system that will potentially assist with arm rehabilitation for people who have suffered from strokes.

“We have accomplished half of the work, which is creating the engineering systems to test this work and now we have to develop the protocol for using it for rehabilitation to see how well it works,” said Alba Perez-Gracia, ISU chair and associate professor of mechanical engineering, and a lead researcher on the project.

The ISU researchers, who are working on this collaborative project with Texas A&M and California State University, Fullerton, first mapped arm motions and digitalized them and then have created a virtual world where people wearing a portable virtual-reality device can use the system as a therapeutic intervention. The researchers will soon be testing the new tool with human subjects.

Subjects wear a virtual reality headset and use it to complete tasks created for the virtual world. The virtual reality system picks up the actual movements of their own arm





and

and displays it as a cartoon figure within the virtual world. The subject may then participate in the virtual world task that include picking up balls and throwing them at a target or stacking cubes using their right or left hand. In addition, the system has been developed to reflect the image of the arm being used.

For example, if a person is using the right arm to complete the task, the virtual reality system reflects the image so that the cartoon arm actions being portrayed look as if it is the left arm performing the task. This reflected image of arm function has the potential to be used as a therapeutic intervention because previous research has shown that observing an action activates the same area of the brain as performing the action.

“It is called the mirror neuron system,” said Nancy Devine, associate dean of the ISU School of Rehabilitation and Communications Sciences, who is a co-researcher on the project. “When you observe body movements, the cells in the brain that would produce that movement are active even though that arm isn’t being used.”

She said if you just look at brain activity, in some areas of the brain you can’t distinguish an active movement from an observed movement.

“So, if you take someone who has had a stroke and can’t use one arm, you can take their arm that is still working and reflect it to the other arm by putting them in this engaging virtual environment and we can be providing an exercise that is effective in helping rehabilitate the damaged areas,” Devine added.

Although the work on this specific project ends at the end of the academic year, ISU’s work on this type of project may continue.

“We have created the portable virtual-reality device that the patient can wear, which projects the motion happening for the patients,” Perez-Gracia said. “We hope it will be a starting point for future projects on using virtual reality and robotics for helping in rehabilitation and training of human motion.”

This research has been taking place at the ISU Robotics Laboratory and the Bioengineering laboratory at the Engineering Research Complex. On this project, Perez-Gracia and Devine have been working with the third researcher of the team, Marco P. Schoen, professor of mechanical engineering, Omid Heidari, a doctoral student in mechanical engineering, master of science students A.J. Alriyadh, Asib Mahmud, Vahid Pourgharibshahi and John Roylance, and undergraduate students Dillan Hoy, Madhuri Aryal and Merat Rezai. Eydie Kendall, assistant professor of physical and occupational therapy, also collaborated on the project.

“We have very good equipment here that we can do experiments with and that is very appealing,” said Heidari, who said the laboratory has become his second home.

“Instead of just writing code on computers and stuff, we are actually doing something here that is very practical and very interesting. We did the motion capture, the kinematic part, and now we are working on finishing the virtual reality part of the project. We are getting closer to having a good model of what we want.”

# Shaking Up a Laboratory

Student-built and industry-supported, Idaho State University's new engineering Structural Laboratory and upgraded Structural Dynamics Laboratory are up and running and ready for business, to test structures for their strength and earthquake preparedness.

"The mission for these laboratories is simple," said Mustafa Mashal, ISU assistant professor of civil and environmental engineering, who oversaw the project. "We would like to use them for research, experimental testing and for teaching, making sure we are doing all the research and testing of all the structural, earthquake and materials our equipment is designed for."

Both of these laboratories are located in the ISU Engineering Research Complex on Second Avenue in Pocatello.

"As mayor of the city, a project like this and the asset this is to the community is just incredible," said Brian Blad, Pocatello mayor, who was among the VIPs at the grand opening. "You take all the earthquakes we've had and now, with the construction of this facility, they can test how structures will react to earthquakes. For the community as

a whole, for all of Southeast Idaho, I think this is a fantastic asset we've never had before."

Civil and environmental engineering students, under the direction of Mashal completed the improvements to these laboratory spaces.

"The fact that these laboratories were created by students is a really amazing part of the story," said Lyle Castle, interim dean of the ISU College of Science and Engineering. "Engineering students, as part of the project, were involved in design, construction, licensing and permitting of the labs, and now they will be using it as research facility to model earthquakes and study the structural integrity of buildings and materials. It is a state-of-the-art facility."

Students working on the Structural Lab scheduled a scan of the old floor, cut off and removed the old floor, excavated five inches of concrete and two feet of soil, compacted soil before rebar placement, carried out soil testing, assembled a reinforcing bar cage and 374 anchor sleeves below the new floor, welded the anchor sleeves in the cage at 18-inch spacing, poured self-consolidating concrete to level existing

floor, painted the floor, built a partition wall, erected the reaction frames, introduced proper safety protocols, and made other improvements in the labs. The students completed 80 percent of this work in four weeks.

The lab, completed this summer, includes a strong floor, reaction frames, hydraulic pumps, an array of actuators and jacks, and a data-acquisition system for large-scale structural and earthquake testing. The lab's actuators and hydraulic jacks can collectively produce a force of 1.3 million pounds to test the strength of various large items used in construction. This unique facility in Idaho is capable of testing structural components 38 feet in length and 14 feet in height. The total lab area is 1,520 square feet, of which 875 square feet is the strong floor the students constructed.

The existing Structural Dynamics Lab was renovated by replacing the horizontal shake table with a 4.5-foot by 4.5-foot steel plate, servicing hydraulic pumps, upgrading the lighting and safety protocols, organizing a training session by an expert in controlling shake tables, and making other improvements.

# story

Jared Cantrell, a senior in civil engineering from Mountain Home, Idaho, was the project manager.

“I feel really excited about this project,” Cantrell said. “It was really interesting to be involved with it here at ISU and this lab will be around for a while. Hopefully we can get a bunch of students in the labs and working on projects. It is really good for our university and program.”

“For me personally,” Cantrell continued, “I have an interest in project management, and I’d really like to be out in the field controlling, managing and supervising the project, seeing it through from beginning to end, like we did on this one.”

One of his fellow students, Jordan Stearns, a senior civil engineering major from San Diego, California, was the project supervisor. He noted at most universities a project like this would be contracted to an outside entity. Being part of a student team completing a project like this was exciting for him. Although he’d worked at construction before and knew how to use many tools, he was required to learn to use new machinery to help complete this job — “a lot of it was learning on the fly,” he said.



“Being a part of this lab construction is huge, and it offered a really good insight to me, as a student, that even before I go into the field I have learned to see through contractors’ eyes,” Stearns said. “As a student, it is always about ‘design, design, design,’ but we all were part of this from design through construction.”

The bulk of the work was done by undergraduate students, though graduate students also worked on the project.

“I am very proud of our students, they did an excellent job. The project was carried out safely with great quality and within the allocated budget and timeframe. As civil engineers we should always remind ourselves that from a client’s perspective, the most important aspect of a project is a successful finish” Mashal said.

# TRIO Grant Serves Veterans

When veterans first come through the door at Idaho State University's Veteran Student Services Center, Joe Effingham is often one of the first faces they see.

Effingham, a senior majoring in physical anthropology and president of ISU's Armed Services Club, works at the center, helping new and prospective students navigate through higher education and the unique challenges faced by those coming from the armed services. He helps them with registration, answers questions, or directs veterans to one of the many resources available.

With the help of a \$1.3 million TRIO Upward Bound Veterans grant, the Veteran Student Services Center will be able to help more people like Effingham successfully make the transition into higher education. This new program will address the needs of area veterans through intensive academic remediation, career exploration, test prep, college application guidance and financial aid education.

"With some skills, such as math, if you don't use it you tend to lose it. So someone who has done 20 years in the military may not still have the math skills for college course," Effingham said. "This program will help them, free of charge, to go back to school if they want to. Any

veteran can go back to school regardless of what they think will be setting them back."

The TRIO Veterans grant received by ISU is only one of two awarded in the entire Northwest this year, said Sari Byerly, executive director, ISU TRIO Access and Opportunity Programs. It will be administered through ISU, but will be used to help Southeast Idaho veterans enter any institution of higher education they choose.

The five-year grant will allow TRIO to hire a director and two advisors to help precollege students. The director and one advisor will operate in Pocatello out of the ISU Veterans

Student Services Center and one advisor will work in Idaho Falls. The grant will focus on recruiting some of the approximately 16,000 veterans now living in Bannock, Bingham, Bonneville, Jefferson and Power counties and on the Fort Hall Indian Reservation. The program's goal is to begin serving participants by mid-January and have 125 veterans enrolled for fall 2018.

"The TRIO grant will allow us to market to a population of veterans that need to come into school and give us a recruiting option we've never had before," said ISU Veteran Student Services Director Todd Johnson. "It gives us an ability to reach out to veterans who want to come to school but don't know how and reach out to veterans who may have benefits but don't know how to use them. It is going to be a great way to get them in and have a conversation about going to school."

Johnson said ISU is dedicated to addressing the needs of veterans returning from Iraq and Afghanistan. It's one of the reasons ISU was included in the Military Times Best: 2018 College Rankings, Military Advanced Education and Training (MAE&T) 2018 Guide to Colleges and Universities, and an award for being Military Friendly for 2018 by Victory Media.



“Over the years, our services have adapted to support the ever-changing needs all individuals, both combat and non-combat service members, who have participated in the various operations in the global war on terror,” Johnson said. “ISU also provides support to dependents and family members of veterans and active duty military.”

Johnson said that ISU has the best military education benefits team in the state, if not the region. Housed in the Office of the Registrar, the team, led by Kerry Larsen, works diligently to process benefits to reduce the stressors on veteran and military-connected students.

The two-pronged model of the military education benefits team working seamlessly with the student advocacy team in the Veterans Student Services Center provides the greatest range of support possible for ISU students, Johnson said.

Working with trained and supportive campus and community partners, the ISU center has created a veterans-support network that they call “VetWork.”

In the last year, the Veterans Student Services Center has added the VITAL Peer Mentoring program and counseling services from Veteran Administration professionals.

Liz Breuker, an outdoor education and special education major and Army veteran, said she is grateful for the programs the Veterans Student Service Center provides.

“It’s fantastic. I love ISU so much,” she said. “I’ve been to a few colleges, and ISU blows them out of the water as far as serving veterans.

## Addressing the Teacher Shortage

As Idaho and the nation grapple with a shortage of certified elementary and secondary school teachers, Dr. Mark Neill, assistant dean in the Idaho State University College of Education, is hoping to help provide a solution.

The College’s new Master of Arts in Teaching program is designed for teachers who are considered non-traditional hires – most often teachers who have background in a certain content area, but are not certified teachers. These non-traditional hires have become increasingly common in Idaho as the shortage of certified teachers grows. During the 2016-2017 school year, nearly 4.9 percent of teachers entered the classroom through non-traditional routes, up from 2.7 percent in 2013-2014. Last year, nearly 1,000 teachers in Idaho were non-traditional hires.

Through the program, people who are working in schools on an alternate route to certification (meaning they are teaching, but do not yet have a teaching license), can gain a master’s degree and a teaching certificate. It gives school districts a chance to hire someone with a lot of content knowledge while they develop the teaching skills they need, Neill says. The program is entirely online, and between 33 and 39 credits depending on the student’s situation. The online program allows teachers to work while they are

furthering their education, Neill said, helping the districts to fill needed positions.

“That’s really where our focus is,” he said, “to help the districts.”

Often, Neill says, these teachers are experts in the content they are teaching, but have not yet learned important teaching skills needed to provide effective instruction. Through the program, they can learn how to motivate students to learn, how to handle different learning styles, and how to package their information in an effective way. Ending the program with a master’s degree also helps them advance on the career ladder and pay scale more quickly.

“Teachers are professional educators,” Neill said. “It’s important to remember that teaching is both an art and a science. To be a teacher, you need to know your stuff, but to be a really great teacher, you need to ‘stuff’ your stuff. In other words, simply knowing the material is not good enough; an effective teacher needs to be able to make that content come alive for the learner. The Master of Arts in Teaching is designed to help teachers do this.”



# The University's Financial Picture

## IDAHO STATE UNIVERSITY

I am pleased to report the positive financial results of Idaho State University for fiscal year 2017. University leadership continues to advance financial and academic strategies and pursue initiatives that maximize educational excellence and focus on our students. The University has made concentrated efforts to align expenditures with its strategies and continues to promote a culture of fiscal responsibility and effective financial management.

Our year-end financial results reflect a \$4.5 million improvement in the University's net position and key financial ratios which measure the institution's overall financial health continue to exceed benchmarks set for colleges and universities. These important financial ratios demonstrate the University's ability to operate within available resources, manage debt strategically, and position itself to invest in mission-critical initiatives.

The University has been progressively decreasing the rate of tuition and fee increases. Fiscal year 2017 had the lowest tuition and fee increase for ISU in 27 years. ISU remains competitive in tuition and fees through modest increases that are essential to enable the University to continue to provide quality educational opportunities to students.

This year has been one of continued successes and we are excited to highlight key financial indicators taken from the audited financial statements. We continue to work diligently toward maintaining and achieving strong financial performance in the coming year and further advancing the University's mission.

Summary financial statements and notes to the statements, for both the University and its component unit, the ISU Foundation, and a link to the University's audited financial statements, appear on the following pages.

Brian S. Hickenlooper  
Interim Chief Financial Officer

## FINANCIAL HIGHLIGHTS

Comparison of fiscal year 2017 to fiscal year 2016

The University's financial position at June 30, 2017, reflects gains over the previous fiscal year.

- Assets decreased by \$4.6 million to end the year at \$339.9 million.
- Liabilities decreased by \$3.4 million to end the year at \$96.6 million.
- Net position, invested in capital assets totaled \$131.2 million, an increase of \$4.2 million.
- Net position, which is the residual of assets and deferred outflows after deducting liabilities and deferred inflows, increased by \$4.5 million to \$249.7 million at June 30, 2017.

Other significant changes to operations were as follows:

- Operating revenues totaled \$129.9 million, a decrease of \$11.9 million.
- Operating expenses totaled \$247.4 million, a decrease of \$0.8 million.
- Non-operating revenues, net of expense, totaled \$122.0 million, an increase of \$11.4 million.

## Summary Statements

# Net Position

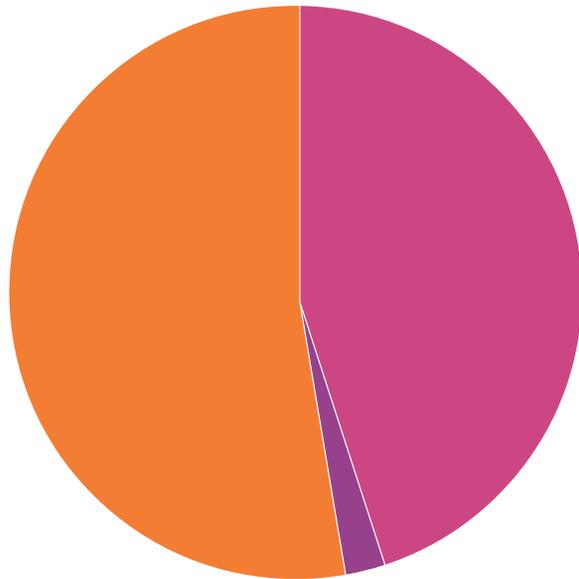
### IDAHO STATE UNIVERSITY

Year Ended June 30,	2017	2016	Year Ended June 30,	2017	2016
<b>ASSETS</b>			<b>LIABILITIES</b>		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash, cash equivalents, and cash with Treasurer	\$123,082,430	\$127,587,153	Accounts payable and accrued liabilities	3,549,454	6,875,970
Investments	20,515,612	20,408,666	Due to state agencies	279,579	704,796
Student loans receivable	14,651	300,834	Accrued salaries and benefits payable	9,076,802	10,618,098
Accounts receivable and unbilled charges, net	15,189,877	16,452,119	Compensated absences payable	5,146,415	5,485,812
Due from state agencies	5,969,321	3,634,429	Deposits and funds held in custody for others	1,256,065	1,416,934
Other current assets	2,040,562	2,312,181	Unearned revenues	7,636,842	6,906,787
<b>TOTAL CURRENT ASSETS</b>	<b>166,812,453</b>	<b>170,695,382</b>	Current portion of long-term obligations	4,920,283	5,124,667
NONCURRENT ASSETS:			<b>TOTAL CURRENT LIABILITIES</b>	<b>31,865,440</b>	<b>37,133,064</b>
Student loans receivable, net	1,022,450	945,660	NONCURRENT LIABILITIES:		
Assets held in trust	234,214	298,400	Other post-employment benefits payable	10,184,000	9,020,000
Prepaid bond insurance costs	28,878	33,444	Pension Liability	17,713,440	12,032,251
Capital Assets, net	171,691,654	172,492,913	Notes and bonds payable	36,799,312	41,773,136
Other long-term assets	65,000	-	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>64,696,752</b>	<b>62,825,387</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>173,042,196</b>	<b>173,770,417</b>	<b>TOTAL LIABILITIES</b>	<b>96,562,192</b>	<b>99,958,451</b>
<b>TOTAL ASSETS</b>	<b>339,854,649</b>	<b>344,465,799</b>	<b>DEFERRED INFLOW OF RESOURCES</b>	<b>2,368,486</b>	<b>7,870,309</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>8,767,634</b>	<b>8,599,691</b>	<b>NET POSITION</b>		
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>348,622,283</b>	<b>353,065,490</b>	Invested in capital assets	131,220,667	126,984,356
			Restricted, expendable	4,380,824	5,053,113
			Unrestricted	114,090,114	113,199,261
			<b>TOTAL NET POSITION</b>	<b>249,691,605</b>	<b>245,236,730</b>
			<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$348,622,283</b>	<b>\$353,065,490</b>

The information in the Summary Statement of Net Position is derived from Idaho State University's June 30, 2017 audited financial statements. The audited financial statements and related notes can be viewed online at <http://www.isu.edu/finserv/account/ISUSingleAudit2017&SEFA.pdf>

**Net Position**

	2017	%	2016	%
Invested in capital assets	\$131,220,667	53%	\$126,984,356	52%
Restricted, expendable	4,380,824	2%	5,053,113	2%
Unrestricted	114,090,114	45%	113,199,261	46%
<b>TOTAL OPERATING AND NONOPERATING REVENUE</b>	<b>\$249,691,605</b>	<b>100%</b>	<b>\$245,236,730</b>	<b>100%</b>



## Summary Statements

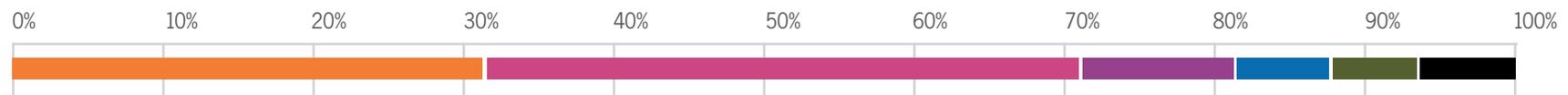
# Revenues, Expenses and Changes in Net Position

### IDAHO STATE UNIVERSITY

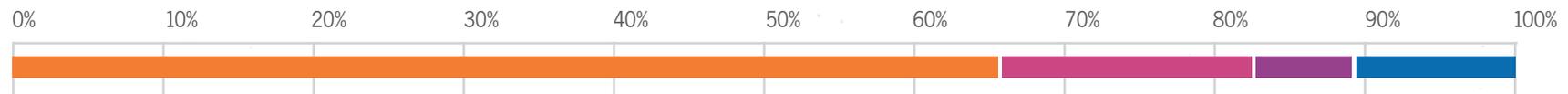
Year Ended June 30,	2017	2016	Year Ended June 30,	2017	2016
<b>OPERATING REVENUES</b>			<b>NONOPERATING REVENUES (EXPENSES)</b>		
Student tuition and fees, net	\$79,831,468	\$87,208,911	State appropriations - general education	76,473,502	71,057,200
Federal grants and contracts	8,890,478	10,019,841	Other state appropriations	23,334,725	19,124,394
State and local grants and contracts	11,643,584	12,249,400	Title IV grants	15,792,869	16,668,145
Private grants and contracts	6,495,621	7,251,844	Gifts	7,653,184	5,632,083
Sales and services of educational activities	6,153,003	6,979,623	Net investment income	126,422	189,275
Sales and services of auxiliary enterprises	13,195,581	14,236,801	Amortization of bond insurance costs	(4,566)	(6,936)
Other	3,728,134	3,858,144	Bond issuance costs	-	(185,960)
<b>TOTAL OPERATING REVENUES</b>	<b>129,937,869</b>	<b>141,804,564</b>	Interest on capital asset related debt net of capitalized	(1,312,674)	(1,704,084)
OPERATING EXPENSES			Gain (Loss) on disposal of capital assets	(98,718)	(164,351)
Personnel costs	165,477,527	160,776,462	<b>NET NONOPERATING REVENUES</b>	<b>121,964,744</b>	<b>110,609,766</b>
Services	28,224,653	30,142,180	<b>INCOME BEFORE OTHER REVENUES AND EXPENSES</b>	<b>4,454,875</b>	<b>4,129,296</b>
Supplies	15,509,634	18,916,787	<b>INCREASE IN NET POSITION</b>	<b>4,454,875</b>	<b>4,129,296</b>
Insurance, utilities and rent	7,390,736	7,486,150	NET POSITION, BEGINNING OF YEAR	245,236,730	241,107,434
Scholarships and fellowships	13,395,827	11,960,896	NET POSITION, END OF YEAR	\$249,691,605	\$245,236,730
Depreciation	12,157,980	12,776,292			
Miscellaneous	5,291,381	6,226,267			
<b>TOTAL OPERATING EXPENSES</b>	<b>247,447,738</b>	<b>248,285,034</b>			
OPERATING LOSS	(117,509,869)	(106,480,470)			

The information in the Summary Statement of Net Position is derived from Idaho State University's June 30, 2017 audited financial statements. The audited financial statements and related notes can be viewed online at <http://www.isu.edu/finserv/account/ISUSingleAudit2017&SEFA.pdf>

	2017	%	2016	%
<b>Operating and Nonoperating Revenues</b>				
Tuition and fees	\$79,831,468	32%	\$87,208,911	34%
State appropriations and DPW	99,808,227	39%	90,181,594	35%
Grants and contracts	27,029,683	11%	29,521,085	12%
Title IV grants	15,792,869	6%	16,668,145	7%
Auxiliary & educational activities	19,348,584	8%	21,216,424	8%
Other	11,507,740	4%	9,679,502	4%
<b>TOTAL OPERATING AND NONOPERATING REVENUE</b>	<b>\$253,318,571</b>	<b>100%</b>	<b>\$254,475,661</b>	<b>100%</b>



	2017	%	2016	%
<b>Operating and Nonoperating Expenses</b>				
Personnel costs	\$165,477,527	66%	\$160,776,462	64%
Services & Supplies	43,734,287	18%	49,058,967	20%
Scholarships and fellowships	13,395,827	5%	11,960,896	5%
Other	26,256,055	11%	28,550,040	11%
<b>TOTAL OPERATING AND NONOPERATING EXPENSES</b>	<b>\$248,863,696</b>	<b>100%</b>	<b>\$250,346,365</b>	<b>100%</b>



## Summary Statements

# Cash Flows

### IDAHO STATE UNIVERSITY

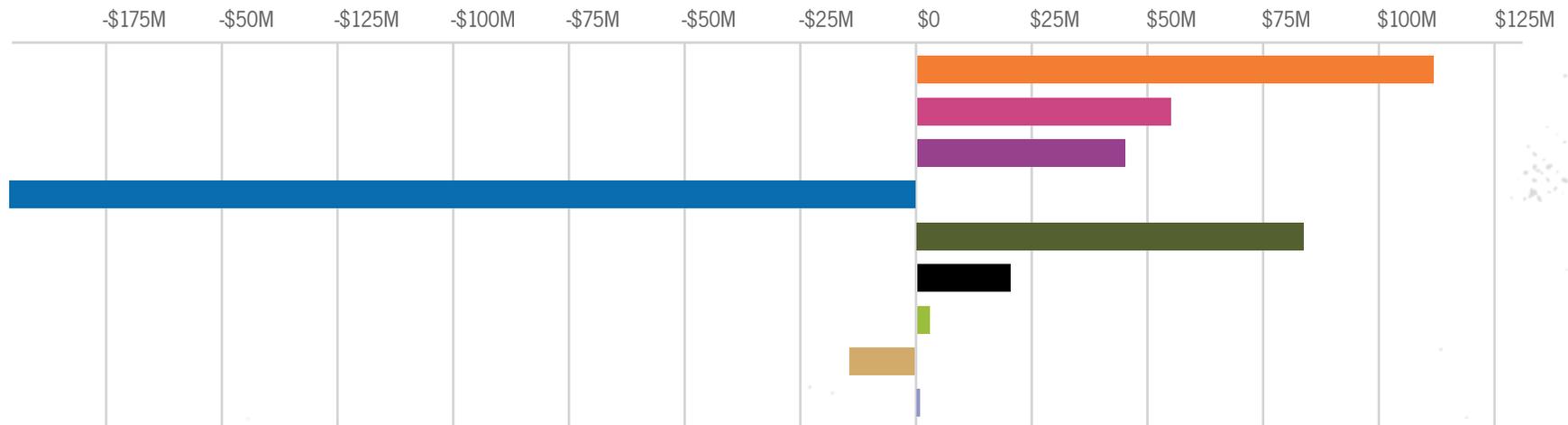
Year Ended June 30,	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student fees	\$62,574,618	\$76,054,017
Grants and contracts	25,627,235	29,129,834
Sales and services of educational activities	6,771,858	6,085,988
Sales and services from auxiliary enterprises	14,444,947	14,179,941
Other operating revenue	3,666,021	3,815,552
Collection of loans to students	752,514	969,353
Payments to and on behalf of employees	(162,207,496)	(157,241,615)
Payments to suppliers	(59,214,175)	(58,170,745)
Payments for scholarships and fellowships	(1,841,911)	(3,278,282)
Loans issued to students	(503,145)	(869,131)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(109,929,534)</b>	<b>(89,325,088)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	95,497,635	87,941,416
Gifts	7,131,903	5,485,162
Title IV grants	15,755,686	16,522,016
Agency account net of receipts and payments	2,683,458	9,372,928
Direct lending net of receipts and payments	406,650	438,491
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>121,475,332</b>	<b>119,760,013</b>

Year Ended June 30,	2017	2016
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Purchases	(9,704,423)	(6,458,482)
Sale of Capital Assets	35,206	-
Proceeds from advance funding of debt	-	140,879
Cost of issuance for advance refunding bonds	-	(134,841)
Principal paid on capital debt	(4,697,557)	(5,142,488)
Interest paid on capital debt	(1,703,081)	(2,061,720)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(16,069,855)</b>	<b>(13,656,652)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(11,471,400)	(14,940,875)
Proceeds from sales and maturities of investments	11,471,400	14,940,875
Investment income	19,334	18,088
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>19,334</b>	<b>18,088</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(4,504,723)	16,796,361
<b>CASH AND CASH EQUIVALENTS — Beginning of year</b>		
	127,587,153	110,790,792
<b>CASH AND CASH EQUIVALENTS — End of year</b>		
	\$123,082,430	\$127,587,153

The information in the Summary Statement of Net Position is derived from Idaho State University's June 30, 2017 audited financial statements. The audited financial statements and related notes can be viewed online at <http://www.isu.edu/finserv/account/ISUSingleAudit2017&SEFA.pdf>

Cash Beginning Balance	\$127,587,153	■
Student Fee Revenue	62,574,618	■
Other Operating Revenue	51,262,575	■
Operating Payments	(223,766,727)	■
State Appropriations	95,497,635	■
Gifts & Title IV Grants	22,887,589	■
Noncapital financing Cash Use	3,090,108	■
Net cash used by capital	(16,069,855)	■
Investing income	19,334	■

**Cash Ending Balance**                    **\$123,082,430**



## Summary Statements

# Financial Position

### IDAHO STATE UNIVERSITY FOUNDATION

Year Ended June 30,	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$1,390,259	\$2,551,354
Promises to give, net	2,780,293	3,841,977
Life insurance cash surrender value	687,358	92,082
Inventory	451,216	412,280
Pharmacy receivables, net	168,457	202,039
Miscellaneous receivables, net	67,847	40,325
Prepaid Expenses	126,332	114,171
Property and Equipment, net	263,625	372,700
Goodwill, net	199,241	199,241
Donated land held for sale	1,466,916	1,824,556
Investments	56,990,994	52,845,818
<b>TOTAL ASSETS</b>	<b>64,592,538</b>	<b>62,496,543</b>
LIABILITIES AND NET ASSETS		
<b>LIABILITIES</b>		
Accounts payable	273,453	432,700
Scholarships and other payables to Idaho State University	191,684	426,317
Obligations to beneficiaries under split-interest agreements	744,185	850,798
Funds held in custody for others	809,970	716,020
Long-term debt	4,749,762	5,291,106
<b>TOTAL LIABILITIES</b>	<b>6,769,054</b>	<b>7,716,941</b>
<b>NET ASSETS</b>		
Unrestricted	(3,949,544)	(4,350,626)
Temporarily restricted	19,736,747	18,388,380
Permanently restricted	42,036,281	40,741,848
<b>TOTAL NET ASSETS</b>	<b>57,823,484</b>	<b>54,779,602</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$64,592,538</b>	<b>\$62,496,543</b>

The information in the Summary Statement of Net Position is derived from Idaho State University's June 30, 2017 audited financial statements. The audited financial statements and related notes can be viewed online at <http://www.isu.edu/finserv/account/ISUSingleAudit2017&SEFA.pdf>

## Summary Statements

# Activities

### IDAHO STATE UNIVERSITY FOUNDATION

Year Ended June 30, 2017

	Unrestricted	Temp. Restricted	Perm. Restricted	Total
<b>REVENUES</b>				
Contributions and gifts	\$1,420,789	\$2,703,572	\$1,191,625	\$5,315,986
Contributed services	378,201	-	-	378,201
Interest and dividends	162,011	339,672	-	501,683
Net realized/unrealized gain on investments	648,012	5,157,008	-	5,805,020
Fees, charges, and miscellaneous	811,782	26,828	-	838,610
Pharmacy revenue	5,226,456	-	-	5,226,456
Less cost of goods sold	(4,309,333)	-	-	(4,309,333)
<b>Net Pharmacy charges</b>	<b>917,123</b>	<b>-</b>	<b>-</b>	<b>917,123</b>
Net change in value of split-interest agreements and life insurance	71,410	(837,145)	62,683	(703,052)
Donor designated transfers	(573,170)	533,045	40,125	-
Net assets released from program restrictions	6,574,613	(6,574,613)	-	-
<b>TOTAL REVENUES</b>	<b>10,410,771</b>	<b>1,348,367</b>	<b>1,294,433</b>	<b>13,053,571</b>
<b>EXPENSES</b>				
Program support to Idaho State University				
Donations/transfers	1,390,421	-	-	1,390,421
Scholarships	1,911,321	-	-	1,911,321
Athletic	8,473	-	-	8,473
Department support	3,765,838	-	-	3,765,838
Support services				
Management and general	726,705	-	-	726,705
Fundraising	1,393,961	-	-	1,393,961
Pharmacy expenses	812,970	-	-	812,970
<b>TOTAL EXPENSES</b>	<b>10,009,689</b>	<b>-</b>	<b>-</b>	<b>10,009,689</b>
<b>CHANGE IN NET ASSETS</b>	<b>401,082</b>	<b>1,348,367</b>	<b>1,294,433</b>	<b>3,043,882</b>
NET ASSETS, beginning of year	(4,350,626)	18,388,380	40,741,848	54,779,602
NET ASSETS, end of year	\$(3,949,544)	\$19,736,747	\$42,036,281	\$57,823,484

The information in the Summary Statement of Net Position is derived from Idaho State University's June 30, 2017 audited financial statements. The audited financial statements and related notes can be viewed online at <http://www.isu.edu/finserv/account/ISUSingleAudit2017&SEFA.pdf>

## Summary Statements

### 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, 2017 and 2016. 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 <http://www.isu.edu/finserv/account/ISUSingleAudit2017&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, 2017 and 2016. 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 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, 2017 or 2016.

- **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. Scholar-

ship 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.

- **ACCOUNTING STANDARDS IMPLEMENTED**

In March 2016, the GASB issued Statement No. 82, "Pension Issue". This Statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements. It establishes the definition for covered payroll as the payroll on which contributions to a pension plan are based. GASB No. 82 is effective for fiscal years beginning after June 15, 2016, except for the requirements of for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. The University has implemented GASB No. 82. (See footnote 2.)

- **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 Idaho State University Foundation, Inc. (the Foundation) and subsidiary was established in March 1967 to provide support for the private fundraising efforts of Idaho State University (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. A memorandum of understanding between the Foundation and the University defines the relationship between the two entities in accordance to the State Board of Education's rules.

The Foundation has a subsidiary corporation called Bengal Pharmacy, LLC (the Pharmacy). The Pharmacy was formed as a limited liability company (LLC) with the Foundation as the sole member.

The Pharmacy was formed to serve students, administrative staff and faculty being seen by the student health center as well as patients of the Idaho State University (ISU) residency program. The residency program treats patients of a local Federally Qualified Health Center including those who qualify for discount drug purchases under Section 340b of the Public Health Service Act.

The pharmacy has expanded its original mission to support ISU's rural health mission by opening tele-health pharmacy locations in Arco and Challis, Idaho. During 2017, the Pharmacy began providing pharmacy management services to an FQHC-owned pharmacy in Council, Idaho.

Per the operating agreement, any allocation and distribution of income will be allocated and 25% will be paid to the Foundation and 75% will be paid to the Idaho State University College of Pharmacy.

### 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. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Foundation.

### 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 life income agreements such 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 risk-adjusted discount rate designed to reflect the assumptions market participants would make in pricing the liability. A contribution is recognized for the estimated remainder interest.

### Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU 2016-14 (the ASU) Presentation of Financial Statements for Not-for-Profit Entities during August 2016. The ASU is the first in a two-phase FASB project that will change the way not-for-profit (NFP) entities present their financial statements and related disclosures. It seeks to improve NFP financial reporting by simplifying net asset classifications and enhancing presentation and disclosure requirements regarding liquidity, financial performance, and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017; for the Foundation, the ASU is effective July 1, 2018. The most significant changes resulting from the ASU are summarized as follows:

- The three existing classes of net assets will become two. The new categories of Net Assets without Donor Restrictions, which is not substantively different than current Unrestricted Net Assets, and Net Assets with Donor Restrictions, which includes all net assets subject to a donor restriction, will replace unrestricted, temporarily restricted, and permanently restricted net assets.
- Quantitative and qualitative information about liquidity will be required to provide financial statement users with an understanding of a NFP's exposure to risk, management of liquidity risks, and availability of assets to meet cash needs for general expenditures.
- NFP's presenting an intermediate measure of operations will need to provide additional information about items included or excluded from the operating measure.

- Investment returns presented in the statement of activities will be recorded net of both external and direct internal investment expenses.
- NFP's will be required to report expenses both by function and natural classification in a single location (this can be accomplished in several different ways).
- NFP's presenting a direct method statement of cash flows no longer need to present or disclose a reconciliation to the indirect method.

The second phase of the FASB's financial reporting project will consider additional operating measures and cash flow considerations that were not addressed in the first phase. There is no estimated timeframe for the completion of the second phase.

The Foundation is currently evaluating the new ASU and the effect it will have on the Foundation's financial statements when implemented.

### Endowments

The Foundation's endowment consists of approximately 600 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. Changes in the fair value of split-interest agreements, life insurance, and the net change in charitable remainder trusts relating to permanently restricted net assets are summarized in other changes in the Endowment asset roll forward.

### 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 for constructing, furnishing, equipping and improving certain real and personal property comprising the L.E. and Thelma Stephens Performing Arts Center 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. Total interest expense and fees during 2017 and 2016, were \$203,750 and \$128,053, respectively.



2016-2017

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