

**ASSOCIATION OF GRADUATES
OF THE
UNITED STATES AIR FORCE ACADEMY**

Financial Statements

For the Year Ended June 30, 2016

And

Independent Auditors' Report

**ASSOCIATION OF GRADUATES OF
THE UNITED STATES AIR FORCE ACADEMY**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTAL SCHEDULES	
Schedule of Temporarily Restricted Funds - Non-Endowment	18
Schedule of Temporarily Restricted Funds - Restricted Endowment	21
Schedule of Permanently Restricted Funds - Restricted Endowment	23

INDEPENDENT AUDITORS' REPORT

Board of Directors
Association of Graduates of the United States Air Force Academy
Colorado Springs, Colorado

We have audited the accompanying financial statements of the Association of Graduates of the United States Air Force Academy (the Association), which comprise the statement of financial position as of June 30, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association of Graduates of the United States Air Force Academy as of June 30, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2016, the Association adopted a new accounting standards update relating to investment disclosures. The provisions of the accounting standards update were applied to the 2016 and 2015 financial statements.

Report on Summarized Comparative Information

We have previously audited the Association of Graduates of the United States Air Force Academy's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Temporarily Restricted and Permanently Restricted Funds are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Stockman Kast Ryan & Co., LLP

November 9, 2016

**ASSOCIATION OF GRADUATES OF
THE UNITED STATES AIR FORCE ACADEMY**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016 (with comparative totals for 2015)**

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 2,055,726	\$ 564,246
Accounts receivable	128,053	129,311
Contributions receivable, net	233,294	224,039
Investments	39,902,656	40,205,016
Investments – agency	1,220,425	1,074,268
Assets held in trust		8,436,637
Inventory and prepaid expenses	169,001	208,599
Property and equipment, net	5,382,485	4,531,649
Other	<u>314,512</u>	<u>286,046</u>
TOTAL ASSETS	<u>\$ 49,406,152</u>	<u>\$ 55,659,811</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 215,914	\$ 248,153
Agency deposits	1,220,425	1,074,268
Deferred revenue	9,246,602	8,887,464
Other liabilities	<u>346,779</u>	<u>301,963</u>
Total liabilities	<u>11,029,720</u>	<u>10,511,848</u>
NET ASSETS		
Unrestricted:		
Available for operations	2,174,813	4,888,752
Board designated for reserve	2,077,502	2,012,185
Board designated for short term purposes	2,075,000	
Board designated for endowment	9,423,911	4,508,904
Invested in property and equipment	<u>5,382,485</u>	<u>4,531,649</u>
Total unrestricted	21,133,711	15,941,490
Temporarily restricted	13,218,381	25,249,302
Permanently restricted	<u>4,024,340</u>	<u>3,957,171</u>
Total net assets	<u>38,376,432</u>	<u>45,147,963</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 49,406,152</u>	<u>\$ 55,659,811</u>

See notes to financial statements.

**ASSOCIATION OF GRADUATES OF
THE UNITED STATES AIR FORCE ACADEMY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016 (with comparative totals for 2015)**

	2016			Total	2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUE					
Contributions	\$ 240,514	\$ 3,952,404	\$ 67,169	\$ 4,260,087	\$ 3,809,058
Membership dues	833,972			833,972	827,377
Subsidy from USAFA Endowment	756,117			756,117	811,161
Publications and advertising	501,685			501,685	444,864
Homecoming and reunions	281,729			281,729	223,965
Merchandise, net of costs of \$354,862 and \$350,527	239,418			239,418	184,511
Royalties	130,926			130,926	142,716
Investment income (loss), net	(2,665,394)	(1,421,581)		(4,086,975)	1,092,288
Other revenue	547,203			547,203	531,814
Total support and revenue before net assets released from restrictions	866,170	2,530,823	67,169	3,464,162	8,067,754
Net assets released from restrictions	<u>14,561,744</u>	<u>(14,561,744)</u>			
Total support and revenue	<u>15,427,914</u>	<u>(12,030,921)</u>	<u>67,169</u>	<u>3,464,162</u>	<u>8,067,754</u>
EXPENSES					
Program services	8,656,898			8,656,898	3,814,001
Supporting services:					
General and administrative	1,450,479			1,450,479	1,013,827
Fund raising	128,316			128,316	124,119
Total expenses	<u>10,235,693</u>	<u>—</u>	<u>—</u>	<u>10,235,693</u>	<u>4,951,947</u>
CHANGE IN NET ASSETS	<u>5,192,221</u>	<u>(12,030,921)</u>	<u>67,169</u>	<u>(6,771,531)</u>	<u>3,115,807</u>
NET ASSETS, Beginning of year	<u>15,941,490</u>	<u>25,249,302</u>	<u>3,957,171</u>	<u>45,147,963</u>	<u>42,032,156</u>
NET ASSETS, End of year	<u>\$ 21,133,711</u>	<u>\$ 13,218,381</u>	<u>\$ 4,024,340</u>	<u>\$ 38,376,432</u>	<u>\$ 45,147,963</u>

See notes to financial statements.

**ASSOCIATION OF GRADUATES OF
THE UNITED STATES AIR FORCE ACADEMY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016 (with comparative totals for 2015)**

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	\$ (6,771,531)	\$ 3,115,807
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized (gains) losses on investments	4,725,503	(598,890)
Depreciation	431,736	404,739
Contributions restricted for long-term purposes	(4,006,971)	(3,305,244)
Other	26,164	
Changes in operating assets and liabilities:		
Accounts receivable	1,258	29,442
Inventory and prepaid expenses	39,598	(11,779)
Other assets	(28,466)	(35,554)
Accounts payable and accrued expenses	(32,239)	8,149
Agency deposits	146,157	(49,148)
Deferred revenue	359,138	266,574
Other liabilities	<u>44,816</u>	<u>35,413</u>
Net cash used in operating activities	<u>(5,064,837)</u>	<u>(140,491)</u>
INVESTING ACTIVITIES		
Proceeds from distribution of assets held in trust	7,763,487	
Proceeds from sales of investments	13,400,217	15,529,862
Purchases of investments	(17,296,367)	(17,952,879)
Purchases of property and equipment	<u>(1,308,736)</u>	<u>(443,495)</u>
Net cash provided by (used in) investing activities	<u>2,558,601</u>	<u>(2,866,512)</u>
FINANCING ACTIVITIES		
Net cash provided by financing activities-		
Collection of contributions restricted for long-term purposes	<u>3,997,716</u>	<u>3,326,732</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,491,480	319,729
CASH AND CASH EQUIVALENTS, Beginning of year	<u>564,246</u>	<u>244,517</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,055,726</u>	<u>\$ 564,246</u>

See notes to financial statements.

ASSOCIATION OF GRADUATES OF THE UNITED STATES AIR FORCE ACADEMY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — The Association of Graduates of the United States Air Force Academy (the Association) is an organization serving the youngest of the service academies and its graduates. The Association is chartered to support the ideals, values and heritage of the United States Air Force Academy (the Academy); to encourage exceptional candidates to attend the Academy; to encourage and support fundraising for use in furthering the objectives of the Academy and the Association; to foster camaraderie; and to provide a wide variety of services to graduates, cadets and their parents. The Association is an important conduit for the support that exists throughout the country for the Academy and its mission. It provides the "extra margin of excellence", supporting worthy programs not supported by federal funds.

To ensure observance of any limitations or restrictions placed on the use of resources available to the Association, the financial records of the Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

Basis of Presentation — The following financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America. The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Use of Estimates — The preparation of the financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents —The Association considers all liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable — Accounts receivable are stated at the invoice amount. Management provides for probable uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2016 and 2015, respectively, management considers all accounts receivable to be fully collectible and, accordingly, there is no valuation allowance.

Contributions Receivable — Contributions receivable are recognized in the period received. Contributions receivable are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using risk adjusted discount rates applicable to the year in which the promise is received. The discount rate was 2.24% and 2.5% as of June 30, 2016 and 2015, respectively. Amortization of the discount is included in contribution revenue.

The Association uses the allowance method to account for uncollectible contributions receivable. The allowance is based on historical experience and management's analysis of individual promises.

Investments — Investments are recorded at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Earnings and losses on investments are recognized as increases or decreases in unrestricted or temporarily restricted net assets according to the nature of the restrictions on the original gift. Donated investments are recorded at fair market value on the date of donation. See Note 4 for information on fair value measurements.

Investments – Agency — The Association holds and invests monies for certain graduate classes of the Academy for those classes' activities at future dates and for other organizations. These funds are classified as agency deposits and are recorded at fair value.

Assets Held in Trust — The Association was the recipient of a trust held and administered by the Association that consisted of equity investments and mutual funds. The trust assets were fully liquidated and distributed to the Association during the year ended June 30, 2016. Changes to the fair values of the trust assets were recognized as investment income prior to the distribution.

Inventories — Inventories consist of items held for sale and are stated at the lower of first-in, first-out (FIFO) cost or market.

Property and Equipment — Property and equipment are recorded at cost for assets purchased by the Association and at estimated fair value at the date of donation for contributed assets. Depreciation of property and equipment is recorded using the straight-line method over estimated useful lives of 3 to 31½ years. The Association's policy is to capitalize assets costing \$1,000 or more with a useful life of one year or more.

Deferred Revenue — Deferred revenue is comprised of receipts for the Life Membership Fund (LMF) and royalties and dues.

The LMF contains the accounts used to invest, monitor and control fees received as a result of the Association's agreement to provide lifetime services to members who have chosen this membership option. The LMF and the current life membership fees are maintained and determined on a basis that is designed to ensure that the original fee is adequate to fund the annual cost of membership over the average life of participants in the program. Current life membership fees are treated as additions to deferred revenue. The LMF fees are amortized over an assumed average life expectancy of 55 years after graduation.

Royalties and dues collected in periods before being earned are presented on the financial statements as deferred revenue.

Revenue Recognition — Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Goods, Services and Facilities — Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Functional Allocation of Expenses — The cost of providing various program services and other activities has been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program and supporting services expense categories based on management's estimates.

Income Taxes — The Association is a qualified Association exempt from federal income taxes under the provisions of §501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction.

The Association believes that it does not have any uncertain tax positions that are material to the financial statements. Tax years that remain subject to examination include 2013 through the current period.

Adoption of Accounting Standards Updates – In May 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-07, *Fair Value Measurement (Topic 820)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and removes the requirement to make certain disclosures for such investments. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016. Management of the Association has elected to adopt ASU 2015-07 early. All provisions of ASU 2015-07 have been applied to the 2016 and 2015 disclosures in the accompanying notes.

Subsequent Events — The Association has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. AGREEMENTS WITH THE USAFA ENDOWMENT

The Association and USAFA Endowment, Inc. (the Endowment), have entered into a Memorandum of Understanding (the MOU) to establish a collaborative, comprehensive friendraising and fundraising process designed to raise increasing levels of charitable support for the Academy and to better serve the needs of the graduate community. The MOU was effective on January 1, 2014 and remains in effect for a minimum of four years. Either party may terminate the MOU with 60 days written notice.

Under the MOU, 34% of annual fund cash receipts received by the Endowment are distributed to the Association. In the event that the Association and Endowment do not enter into another Memorandum of Understanding by December 31, 2017, the allocation of the annual funds to the Association will be 31%.

The Association received \$756,117 and \$811,161 during the years ended June 30, 2016 and 2015, respectively, from the Endowment as a result of the MOU. As of June 30, 2016 and 2015, the Association had receivables from the Endowment of \$69,127 and \$89,634, respectively, related to income from the MOU.

The Association and the Endowment have an Operating Support Contract (the Contract) under which the Endowment agrees to pay the Association for services provided, to include rent of office space, furniture and equipment, data entry services, information technology support for hardware and software system and utilities. Payment is to be made in equal monthly installments. The fee for services provided in the years ended June 30, 2016 and 2015 were \$93,244 and \$92,688, respectively.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at June 30:

	2016	2015
Due in less than one year	\$ 23,792	\$ 30,213
Due in one to five years	<u>233,802</u>	<u>238,726</u>
Total	257,594	268,939
Allowance for doubtful contributions receivable	(24,300)	(39,000)
Discount to net present value of estimated cash flows	<u> </u>	<u>(5,900)</u>
Contributions receivable, net	<u>\$ 233,294</u>	<u>\$ 224,039</u>

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Association is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no significant changes in the methodologies used at June 30, 2016 and 2015.

Mutual Funds and Money Market Funds — Valued at quoted market prices.

Assets Held in Trust — Underlying investments are comprised of equity investments and mutual funds, valued by quoted market prices.

Partnership Interests — Valued based on the net asset value (NAV) per share. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it was determined to be probable that the investment would be sold at an amount different from the reported NAV. NAV is based upon the fair value of the underlying investments as determined by fund's management and its underlying investment managers. The partnership interests are invested in investment funds, limited partnerships, and private investment companies. The fair values of the underlying investments may differ significantly from the values that would have been used had a ready market for the underlying funds existed.

The following tables set forth by level, within the fair value hierarchy, the Association's assets stated at fair value as of June 30:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2016:				
Investments:				
Mutual funds:				
Domestic equity	\$ 14,747,777			\$ 14,747,777
International equity	13,049,163			13,049,163
Fixed income	8,622,989			8,622,989
Money market	<u>814,526</u>			<u>814,526</u>
Total investments in the fair value hierarchy	<u>\$ 37,234,455</u>	<u>\$ —</u>	<u>\$ —</u>	37,234,455
Investments measured at net asset value				<u>3,888,626</u>
Total				<u>\$ 41,123,081</u>

2015:				
Investments:				
Mutual funds:				
Domestic equity	\$ 13,756,990			\$ 13,756,990
International equity	13,359,185			13,359,185
Fixed income	7,864,747			7,864,747
Money market	828,652			828,652
Assets held in trust	<u>8,436,637</u>			<u>8,436,637</u>
Total investments in the fair value hierarchy	<u>\$ 44,246,211</u>	<u>\$ —</u>	<u>\$ —</u>	44,246,211
Investments measured at net asset value				<u>5,469,710</u>
Total				<u>\$ 49,715,921</u>

Assets measured at fair value are included in the following amounts on the balance sheets as of June 30:

	2016	2015
Investments	\$ 39,902,656	\$ 40,205,016
Investments – agency	1,220,425	1,074,268
Assets held in trust	<u>8,436,637</u>	<u>8,436,637</u>
Total	<u>\$ 41,123,081</u>	<u>\$ 49,715,921</u>

The following table summarizes investments measured at net asset value per share as of June 30, 2016:

Investment	Fair Value	Redemption Frequency	Redemption Notice Period
Partnership interests	\$ 3,888,626	Annually, on the end of the fiscal year or on the last business day of each calendar quarter	Between 60 - 180 days advance written notice

Net investment income (loss) was composed of the following for the years ended June 30:

	2016	2015
Interest and dividends	\$ 645,363	\$ 500,268
Net realized and unrealized gains (losses)	(4,725,503)	598,890
Investment management and custodial fees	<u>(6,835)</u>	<u>(6,870)</u>
Investment income (loss), net	<u>\$ (4,086,975)</u>	<u>\$ 1,092,288</u>

Included in total investments are investments of \$188,985 and \$215,641 that were in liquidation as of June 30, 2016 and 2015, respectively. Final liquidation of these investments is expected no later than December 2016. Accordingly, these amounts may not be readily redeemable for cash and may not be fully recoverable.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2016	2015
Buildings and improvements	\$ 9,929,500	\$ 8,243,611
Equipment	2,306,030	2,231,349
Construction in progress	<u> </u>	<u>478,000</u>
Total	12,235,530	10,952,960
Less accumulated depreciation	<u>6,853,045</u>	<u>6,421,311</u>
Total	<u>\$ 5,382,485</u>	<u>\$ 4,531,649</u>

Depreciation expense was \$431,736 and \$404,739 during the years ending June 30, 2016 and 2015, respectively.

6. BOARD DESIGNATED NET ASSETS

Board designated net assets consists of the following at June 30:

	2016	2015
The Long Blue Line Endowment Fund is designated to provide operating funds for services and support to the Academy, cadet programs of the Academy and graduate programs. The Board of Directors designated \$591,365 and \$3,416,513 of unrestricted net assets to the Fund during the years ended June 30, 2016 and 2015, respectively.	\$ 3,789,551	\$ 3,416,509
The Francis C. Bennett Soaring Margin of Excellence Fund is designated to provide funds to support the Soaring program of the Academy. The Board of Directors designated \$3,000,000 of unrestricted net assets to the Fund during the year ended June 30, 2016.	2,948,995	
The Board Designated AOG Reserve Fund was established to provide emergency support to AOG operations when other funds might not be readily available. There were no unrestricted net assets designated to the Fund during the years ended June 30, 2016 and 2015.	2,077,502	2,012,185
The Francis C. Bennett Scholarship Enhancement Fund is designated to supplement other existing post-graduate scholarships, which are presently underfunded as identified by the Graduate Scholarship Committee. The Board of Directors designated \$1,000,000 of unrestricted net assets to the Fund during the year ended June 30, 2016.	982,998	
The AOG Heritage and Initiatives Preservation Fund is designated to provide maintenance funds for properties on land leased to the AOG, to fund planning needs for future heritage programs, and to support potential donor heritage initiatives. The Board of Directors designated \$200,000 and \$359,741 of unrestricted net assets to the Fund during the years ended June 30, 2016 and 2015, respectively.	530,012	359,745
The Francis C. Bennett Aviation Support Fund is designated to provide operating funds to support the aviation and soaring programs of the Academy. The Board of Directors designated \$500,000 of unrestricted net assets to the Fund during the year ended June 30, 2016. There were no unrestricted net assets designated to the Fund during the year ended June 30, 2015.	491,499	

The Cadet Commanders' Leadership Enrichment Seminar Fund is designated to support the Dean's education program at the USAFA. The Board of Directors designated \$406,223 of unrestricted net assets to the Fund during the year ended June 30, 2015. There were no unrestricted net assets designated to the Fund during the year ended June 30, 2016.	377,566	406,223
The Graduate Dependent Scholarship Endowment Fund is designated to provide a service to the graduate community by supporting post-secondary education for children of Academy graduate members. The Board of Directors designated \$326,427 of unrestricted net assets to the Fund during the year ended June 30, 2015. There were no unrestricted net assets designated to the Fund during the year ended June 30, 2016.	303,290	326,427
Board designated funds for short term purposes. The Board of Directors designated \$2,075,000 of unrestricted net assets during the year ended June 30, 2016.	<u>2,075,000</u>	<u> </u>
Total	<u>\$ 13,576,413</u>	<u>\$ 6,521,089</u>

7. RESTRICTED NET ASSETS

Temporarily restricted net assets may be expended for the following purposes at June 30:

	2016	2015
Program and support services	\$ 13,123,157	\$ 24,831,316
Building maintenance and improvements	80,395	404,626
Time restrictions	<u>14,829</u>	<u>13,360</u>
Total	<u>\$ 13,218,381</u>	<u>\$ 25,249,302</u>

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used for future needs of the Association.

8. ENDOWMENT FUNDS

The Association's endowment funds consist of unrestricted funds functioning as endowments through designations by the Board of Directors of the Association and donor restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado has adopted an investment policy based on the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Association has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Association and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation (depreciation) of investments
- 6) Other resources of the Association
- 7) The investment policies of the Association

Endowment net asset composition by type of fund as of June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (24,532)	\$ 814,710	\$ 4,024,340	\$ 4,814,518
Board-designated endowment funds	<u>9,423,911</u>	<u> </u>	<u> </u>	<u>9,423,911</u>
Total funds	<u>\$ 9,399,379</u>	<u>\$ 814,710</u>	<u>\$ 4,024,340</u>	<u>\$ 14,238,429</u>

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning of year	\$ 4,508,904	\$ 1,409,112	\$ 3,957,171	\$ 9,875,187
Investment return: Net depreciation (realized and unrealized) and investment loss	(400,890)	(360,044)		(760,934)
Contributions			67,169	67,169
Board designation of unrestricted net assets	5,291,365			5,291,365
Appropriation of Endowment assets for expenditures	<u> </u>	<u>(234,358)</u>	<u> </u>	<u>(234,358)</u>
Endowment net assets, end of year	<u>\$ 9,399,379</u>	<u>\$ 814,710</u>	<u>\$ 4,024,340</u>	<u>\$ 14,238,429</u>

Endowment net asset composition by type of fund as of June 30, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		\$ 1,409,112	\$ 3,957,171	\$ 5,366,283
Board-designated endowment funds	<u>\$ 4,508,904</u>	_____	_____	<u>4,508,904</u>
Total funds	<u>\$ 4,508,904</u>	<u>\$ 1,409,112</u>	<u>\$ 3,957,171</u>	<u>\$ 9,875,187</u>

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning of year	\$ 1,804,721	\$ 1,600,215	\$ 3,910,786	\$ 7,315,722
Investment return:				
Net appreciation (realized and unrealized) and investment income	1,982	48,716		50,698
Contributions			46,385	46,385
Board designation of unrestricted net assets	2,702,201			2,702,201
Appropriation of Endowment assets for expenditures	_____	(239,819)	_____	(239,819)
Endowment net assets, End of year	<u>\$ 4,508,904</u>	<u>\$ 1,409,112</u>	<u>\$ 3,957,171</u>	<u>\$ 9,875,187</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$24,532 as of June 30, 2016. No such deficiencies existed as of June 30, 2015.

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy the endowment assets are invested in a manner that is intended to produce maximum results while assuming a moderate level of investment risk. The Association expects its endowment funds, over time, to provide a rate of return sufficient to keep pace with the rate of inflation. Actual returns in any given year may vary from this amount.

9. PROGRAM SERVICE EXPENSES

Program service expenses consisted of the following for the years ended June 30:

	2016	2015
Academy and other services	\$ 6,301,025	\$ 1,571,123
Cost of publications	1,203,155	1,103,578
Special events and chapter support	495,593	545,597
Member services	281,036	239,092
Reunions	197,201	223,109
Special functions	90,203	89,314
Cadet opportunities	<u>88,685</u>	<u>42,188</u>
Total program service expenses	<u>\$ 8,656,898</u>	<u>\$ 3,814,001</u>

10. EMPLOYEE RETIREMENT PLAN

The Association established a qualified 401(k) profit sharing plan (the Plan) covering all employees who are twenty-one years of age or older, have completed one year of service, and are not covered by a collective bargaining agreement. The employees may make elective contributions of up to 100% of compensation, subject to statutory limitations, and the Association will make matching contributions equal to 25% of the employee's elective deferrals of up to 5% of compensation. In addition, the Association may make discretionary contributions to the Plan. The Plan provides for full vesting of matching and discretionary contributions after six years of service. The Association made contributions of \$63,089 and \$66,252 for the years ended June 30, 2016 and 2015, respectively.

Additionally, the Association established a qualified 457(b) deferred compensation plan (Deferred Compensation Plan) for key employees. Participants of the Deferred Compensation Plan are allowed to make voluntary salary reduction contributions with no limitations. Under the Deferred Compensation Plan, the employer is allowed to make discretionary non-elective contributions to each participant's account. Contributions to the Deferred Compensation Plan are immediately vested. The Association made discretionary non-elective contributions to the Deferred Compensation Plan of \$9,000 and \$9,535 for the years ended June 30, 2016 and 2015, respectively.

11. SIGNIFICANT CONCENTRATIONS

The Association maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits.

As of June 30, 2016 and 2015, the Association received approximately 79% and 78%, of the contributions from two donors and one donor, respectively.

The Association invests in investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the recorded amount of investments in the Association's financial statements.

**ASSOCIATION OF GRADUATES OF
THE UNITED STATES AIR FORCE ACADEMY**

SUPPLEMENTAL SCHEDULES

ASSOCIATION OF GRADUATES OF THE UNITED STATES AIR FORCE ACADEMY

**SCHEDULE OF TEMPORARILY RESTRICTED FUNDS - NON-ENDOWMENT
JUNE 30, 2016**

	Beginning Balance	Contributions and Reclassifications	Investment Earnings (Losses)	Total Revenue (Losses)	Expenses and Releases	Grants and Allocations	Ending Balance
Campaign Fund:							
Academics	\$ 71,040						\$ 71,040
Jannetta-War, Literature & Art	220					\$ (220)	
Center for Space and Defense Policy	180					(180)	
Athletics	74,006					(11,600)	62,406
Hall of Excellence Display	27,225					(27,225)	
Character	80,087						80,087
Leadership	1,538					(1,538)	
Nutter Scholarship Fund	230,187	\$ 11,207		\$ 11,207		(16,500)	224,894
Superintendent's Discretionary Fund	78,648	51,678		51,678		(62,056)	68,270
Superintendent's Other Discretionary Fund	7,632,548	2,532,222		2,532,222		(4,780,000)	5,384,770
Wings of Blue Fund	1,520					(1,520)	
LaCrosse Fund	8,594				\$ (8,594)		
Men's Rugby Fund	1,607	750		750		(1,607)	750
DFAS (Astronautics Dept)	138,046	7,905		7,905		(123,000)	22,951
DFEM (Mechanical Engineering Department)	520					(520)	
Wing Open Boxing	1,368						1,368
Comprehensive Campaign Fund for the Superintendent	52,981					(35,000)	17,981
Roth Fund for the Department of Management	2				(2)		
Friends of Basketball	125,889	21,561		21,561	(163)	(25,000)	122,287
Tony M. Johnson Math Teaching Award	3,288						3,288
William Stern Memorial Benches Fund	200				(200)		
Olmsted Foundation-ROTC Cultural Immerse	34,402						34,402
Olmsted Foundation-Historical Symposium and Academy Assembly	500					(500)	
Fencing	5,786				(5,786)		
Academics General - License Plates	36,468	1,650		1,650	(40)		38,078
AOG SEA Plaques and Memorials	179	46,131		46,131	21,500	(54,856)	12,954
Assets Held in Trust - Francis Bennett Estate	8,436,637		\$ (673,150)	(673,150)	(7,763,487)		
Unspecified Donor Restricted Funds	1,206				(1,206)		
Class of '60 Gift	469						469
Class of '61 Gift	2,814						2,814
Class of '62 Gift	14,523						14,523
Class of '63 Gift	1,504						1,504
Class of '64 Gift	77,647						77,647
Class of '65 Gift	378	305,062		305,062	(297,570)	(3,856)	4,014
Class of '66 Gift	134,588						134,588

(Continued)

ASSOCIATION OF GRADUATES OF THE UNITED STATES AIR FORCE ACADEMY

**SCHEDULE OF TEMPORARILY RESTRICTED FUNDS - NON-ENDOWMENT
JUNE 30, 2016**

	Beginning Balance	Contributions and Reclassifications	Investment Earnings (Losses)	Total Revenue (Losses)	Expenses and Releases	Grants and Allocations	Ending Balance
Class of '67 Gift	3,027	(340)		(340)			2,687
Class of '68 Gift	21,880						21,880
Class of '69 Gift	6,379						6,379
Class of '70 Gift	60,581	788,219		788,219	(812,521)	(20,156)	16,123
Class of '71 Gift	28,636				(28,636)		
Class of '72 Gift	5,921						5,921
Class of '73 Gift	111,083	500		500	(2)	(35,000)	76,581
Class of '74 Gift	57,835						57,835
Class of '75 Gift	76,673	300		300			76,973
Class of '76 Gift	12,974				(3,200)		9,774
Class of '77 Gift	10,506						10,506
Class of '78 Gift	8,053						8,053
Class of '80 Gift	46						46
Class of '81 Gift	71,762	795		795	(400)		72,157
Class of '82 Gift	138,884						138,884
Class of '83 Gift	1,837						1,837
Class of '84 Gift	16,753						16,753
Class of '85 Gift	20,732						20,732
Class of '87 Gift	1,564						1,564
Class of '88 Gift	14,753						14,753
Class of '89 Gift	5,154						5,154
Class of '90 Gift	20,195						20,195
Class of '91 Gift	102,440	240		240			102,680
Class of '92 Gift	92,702						92,702
Class of '94 Gift	1,100						1,100
Class of '95 Gift	163						163
Class of '96 Gift	850						850
Class of '02 Gift	51						51
Class of '10 Gift	141,645	22,707		22,707			164,352
Quasi-endowments							
Visiting Lecturer Systems Engineering	673,648		(47,877)	(47,877)	(4,724)		621,047
McConn Scholarship	1,170,219		(77,428)	(77,428)	(7,382)	(137,758)	947,651
Academic Research	50,166		(3,565)	(3,565)	(352)		46,249
Kruzel Defense Policy	24,463		(1,739)	(1,739)	(171)		22,553
Falcon Foundation	236,099		(16,527)	(16,527)	(1,596)	(8,263)	209,713
Falcon Foundation Ackerman	456,207		(31,939)	(31,939)	(3,083)	(15,967)	405,218

(Continued)

ASSOCIATION OF GRADUATES OF THE UNITED STATES AIR FORCE ACADEMY

**SCHEDULE OF TEMPORARILY RESTRICTED FUNDS - NON-ENDOWMENT
JUNE 30, 2016**

	Beginning Balance	Contributions and Reclassifications	Investment Earnings (Losses)	Total Revenue (Losses)	Expenses and Releases	Grants and Allocations	Ending Balance
Admissions - Hennek	53,887		(3,830)	(3,830)	(377)		49,680
Football - Hennek	59,555		(4,655)	(4,655)	(414)		54,486
LaCrosse and Fencing	18,401		(1,315)	(1,315)	14,197		31,283
Warrior Remembrance	542,359		(37,409)	(37,409)		(38,500)	466,450
Storyteller Exhibit Maintenance Endowment	51,262		(3,656)	(3,656)	26,762		74,368
Falcon Heritage Forum	336		(19)	(19)	(1)	(316)	
Falcon Heritage Forum Keynote Speaker	96,128		(6,832)	(6,832)	(675)		88,621
Falcon Heritage Forum Travel	48,376		(3,438)	(3,438)	(339)		44,599
Class of 65 endowment	127,131		(9,035)	(9,035)	(893)		117,203
Character - Legasey	181,600		(12,906)	(12,906)	(1,274)		167,420
Character - Schlossberg	273,604		(19,445)	(19,445)	(1,919)		252,240
Character - Moore	60,447		(4,296)	(4,296)	(423)		55,728
Character - West	160,540		(11,452)	(11,452)	(1,125)		147,963
ACES Program	47,587		(3,382)	(3,382)	(334)		43,871
Honor Education - Class of '75	342,958		(24,374)	(24,374)	(2,406)		316,178
Roslyn Schulte Character/Leadership	73,557	1,555	(5,273)	(3,718)	675		70,514
Class of '80 Excellence in Ethics	137,049		(9,740)	(9,740)	(962)		126,347
Joseph D. Helton Memorial Award	6,644		(472)	(472)	(46)		6,126
O'Malley Award	29,036		(2,064)	(2,064)	(204)		26,768
Character - AOG	136,531		(9,366)	(9,366)	(923)	(4,750)	121,492
Class of '80 Oral History/Cadet CLD Fund	209,877		(14,783)	(14,783)	(1,406)	(9,004)	184,684
Chuck Bush Memorial Fund	6,311		(449)	(449)	(44)		5,818
Friends of Boxing	77,574	1,100	(5,532)	(4,432)	(550)		72,592
AOG Class of 2023 Legacy Program	42,509		(3,021)	(3,021)	(298)		39,190
CGA-Coleman	21,319		(2,141)	(2,141)			19,178
AOG Heritage Preservation Fund	106,376	153,262	(10,427)	142,835	(1,369)	(22,000)	225,842
Discount on pledges due after one year	(5,900)	5,900		5,900			
Other pledges receivable, net	13,360				1,469		14,829
Total	\$ 23,840,190	\$ 3,952,404	\$ (1,061,537)	\$ 2,890,867	\$ (8,890,494)	\$ (5,436,892)	\$ 12,403,671

(Concluded)

ASSOCIATION OF GRADUATES OF THE UNITED STATES AIR FORCE ACADEMY

**SCHEDULE OF TEMPORARILY RESTRICTED FUNDS - RESTRICTED ENDOWMENT
JUNE 30, 2016**

	<u>Beginning Balance</u>	<u>Contributions and Reclassifications</u>	<u>Investment Earnings (Losses)</u>	<u>Total Revenue (Losses)</u>	<u>Expenses and Releases</u>	<u>Grants and Allocations</u>	<u>Ending Balance</u>
General Ira C. Eaker Endowment for Defense Policy Lecture Series	\$ 35,172		\$ (7,273)	\$ (7,273)	\$ (718)		\$ 27,181
Frank E. & H. E. Hedrick Endowment for Cadet and Faculty Enrichment	73,219		(15,973)	(15,973)	(1,576)		55,670
Dr. Henry Kissinger Endowment for National Security Studies	13,317		(2,372)	(2,372)	(234)		10,711
John K. Gerhart Scholarship for French Study	157,431		(30,958)	(30,958)	(3,060)	\$ 1,190	124,603
Donald R. Backlund Endowment for USAFA Military Symposium	7,401		(1,359)	(1,359)	(134)		5,908
Roger Stringer Award for Outstanding Cadet in Intercollegiate Speech	8,401		(1,416)	(1,416)	(139)	(121)	6,725
Henry S. Walker Endowment for POW Museum	26,764		(2,876)	(2,876)	(282)		23,606
Col. Franklin C. Wolfe Humanities Scholarship	15,929		(4,162)	(4,162)	(402)	(2,050)	9,315
WWI Overseas Flyers - American Aviation in WWI	33,022		(3,339)	(3,339)	(330)		29,353
Cadet Leadership Enrichment	73,068		(15,772)	(15,772)	(4,385)		52,911
A.J. Mione Cadet Award for Outstanding Physics Research	14,232		(2,390)	(2,390)	(236)	(150)	11,456
Graduate Dependent Scholarship	6,590					(6,590)	
Joseph A. Reich, Sr. Lecture Series	32,841		(8,532)	(8,532)	(842)	(4,350)	19,117
305th Bombardment Group Memorial Association - Leadership Education	62,600		(9,781)	(9,781)	(964)		51,855
Richard Lawson - Award for Outstanding Cadet in Communications	69,827		(20,147)	(20,147)	(1,944)	(10,244)	37,492
Jerry C. Lindh - Cadet Honor Awards	7,746		(1,183)	(1,183)	(117)		6,446
Ross A. LaTorra - Men's Rugby	4,055		(1,074)	(1,074)	(106)		2,875
Computer Science Department Awards	2,961		(798)	(798)	(79)	(300)	1,784
Warren Sneed - Wings of Blue Jump Team	12,710		(2,705)	(2,705)	(268)	(2,007)	7,730
General Kenneth L. Tallman - Liaison Officer Service Awards	553		(173)	(173)	(121)	(259)	
General & Mrs. L.I. Davis - Astronautics Community Projects	18,250		(3,619)	(3,619)	(357)		14,274
Graduate and Non-Graduate Awards	30,435		(6,191)	(6,191)	(608)	(1,764)	21,872
Laura A. Piper - Squadron Award	2,337		(325)	(325)	(32)		1,980
Class of '62 - Academy and AOG Projects	15,806		(2,862)	(2,862)	(283)		12,661
Robert B. Spear - Men's Basketball Player Award	8,165		(1,187)	(1,187)	(118)		6,860
William R. Grace - Maintenance of the Sand Volleyball Court	16,256		(2,505)	(2,505)	(249)		13,502
William F. Goodner - Biology Teaching Excellence	6,592		(1,165)	(1,165)	(115)		5,312
Pace Weber - Outstanding Men's Lacrosse Player Award	3,227		(575)	(575)	(56)	(141)	2,455
Kenneth Thiele - Graduate History Scholarship	11,461		(1,781)	(1,781)	(175)	(111)	9,394
William Heiser - Senior Faculty Teaching Award	8,633		(2,035)	(2,035)	(202)		6,396
Q. C. Snyder - Management Department Support	1,191		(275)	(275)	(26)	(150)	740
Richard Buschmann - Graduate Dependent Scholarship	4,269		(1,031)	(1,031)	(99)	(500)	2,639
Class of '74 - Award for Character Development	9,319		(2,190)	(2,190)	(217)		6,912
Class of '59 - NCLS Keynote Speaker	38,344		(9,486)	(9,486)	(943)	(4,850)	23,065

(Continued)

ASSOCIATION OF GRADUATES OF THE UNITED STATES AIR FORCE ACADEMY

**SCHEDULE OF TEMPORARILY RESTRICTED FUNDS - RESTRICTED ENDOWMENT
JUNE 30, 2016**

	Beginning Balance	Contributions and Reclassifications	Investment Earnings (Losses)	Total Revenue (Losses)	Expenses and Releases	Grants and Allocations	Ending Balance
Cadet Chapel	4,246		(977)	(977)	(97)	(500)	2,672
Tober Family - Astronautics Programs	111,668		(24,895)	(24,895)	(2,456)		84,317
Peter Brown - Summer Research Institute	8,744		(1,714)	(1,714)	(163)	(800)	6,067
Harold Gilbert Character/Leadership Endowment	47,390		(11,769)	(11,769)	(1,162)	(6,000)	28,459
Building Operations and Maintenance	404,626		(152,865)	(152,865)	(171,366)		80,395
Long Blue Line Endowment	314		(314)	(314)			
Total	\$ 1,409,112	\$ -	\$ (360,044)	\$ (360,044)	\$ (194,661)	\$ (39,697)	\$ 814,710

(Concluded)

ASSOCIATION OF GRADUATES OF THE UNITED STATES AIR FORCE ACADEMY

SCHEDULE OF PERMANENTLY RESTRICTED FUNDS - RESTRICTED ENDOWMENT

JUNE 30, 2016

	Beginning Balance	Contributions and Reclassification s	Investment Earnings (Losses)	Total Revenue (Losses)	Expenses and Releases	Grants and Allocations	Ending Balance
General Ira C. Eaker Endowment for Defense Policy Lecture Series	\$ 67,168						\$ 67,168
Frank E. & H. E. Hedrick Endowment for Cadet and Faculty Enrichment	151,524						151,524
Dr. Henry Kissinger Endowment for National Security Studies	20,058						20,058
John K. Gerhart Scholarship for French Study	278,158						278,158
Donald R. Backlund Endowment for USAFA Military Symposium	11,725						11,725
Roger Stringer Award for Outstanding Cadet in Intercollegiate Speech	11,550						11,550
Henry S. Walker Endowment for POW Museum	13,695						13,695
Col. Franklin C. Wolfe Humanities Scholarship	43,511						43,511
WWI Overseas Flyers - American Aviation in WWI	13,957						13,957
Cadet Leadership Enrichment	145,853						145,853
A.J. Mione Cadet Award for Outstanding Physics Research	19,435						19,435
Graduate Dependent Scholarship	93,811	\$ (500)		\$ (500)			93,311
Joseph A. Reich, Sr. Lecture Series	91,557						91,557
305th Bombardment Group Memorial Association - Leadership Education	75,020						75,020
Richard Lawson - Award for Outstanding Cadet in Communications	218,000						218,000
Jerry C. Lindh - Cadet Honor Awards	8,898						8,898
Ross A. LaTorra - Men's Rugby	10,953	100		100			11,053
Computer Science Department Awards	8,338						8,338
Warren Sneed - Wings of Blue Jump Team	27,342	100		100			27,442
General Kenneth L. Tallman - Liaison Officer Service Awards	13,508						13,508
General & Mrs. L.I. Davis - Astronautics Community Projects	32,676						32,676
Graduate and Non-Graduate Awards	57,084						57,084
Laura A. Piper - Squadron Award	2,235						2,235
Class of '62 - Academy and AOG Projects	24,470						24,470
Robert B. Spear - Men's Basketball Player Award	8,535						8,535
William R. Grace - Maintenance of the Sand Volleyball Court	18,741	500		500			19,241
William F. Goodner - Biology Teaching Excellence	9,805						9,805
Pace Weber - Outstanding Men's Lacrosse Player Award	4,900						4,900
Kenneth Thiele - Graduate History Scholarship	13,628						13,628
William Heiser - Senior Faculty Teaching Award	20,000						20,000
Q. C. Snyder - Management Department Support	2,700						2,700
Richard Buschmann - Graduate Dependent Scholarship	10,345						10,345
Class of '74 - Award for Character Development	21,500						21,500
Class of '59 - NCLS Keynote Speaker	101,000						101,000

(Continued)

ASSOCIATION OF GRADUATES OF THE UNITED STATES AIR FORCE ACADEMY

**SCHEDULE OF PERMANENTLY RESTRICTED FUNDS - RESTRICTED ENDOWMENT
JUNE 30, 2016**

	Beginning Balance	Contributions and Reclassification s	Investment Earnings (Losses)	Total Revenue (Losses)	Expenses and Releases	Grants and Allocations	Ending Balance
Cadet Chapel	10,000						10,000
Tober Family - Astronautics Programs	238,615						238,615
Peter Brown Endowment	15,000						15,000
Harold Gilbert Character/Leadership Endowment	124,328						124,328
Building Operations and Maintenance	1,787,806						1,787,806
Long Blue Line Endowment	129,742	66,969		66,969			196,711
Total	\$ 3,957,171	\$ 67,169	\$ -	\$ 67,169	\$ -	\$ -	\$ 4,024,340

(Concluded)