



August 31, 2015

Commissioner Clayton Christian
Office of the Commissioner of Higher Education
Montana University System
PO Box 203201
Helena, MT 59620-3201

Dear Commissioner Christian,

I am pleased to provide our campus's annual report as required under BOR Policy 901.9 (Campus Affiliated Foundations). Besides detailing UM funds directed to the University of Montana Foundation over the past three years, the report also provides a summary of fundraising activity (amounts and number of donations), the amount the UM Foundation transferred to the University, and the return on the UM Foundation's long-term investment portfolio. We will provide our audited financial statements when they are available in late September.

The Investing in Student Success initiative is in its third and final year. With a goal of \$45 million, the three-year initiative was designed to raise funds for ten significant priorities. These priorities were identified by the University and are intended to (1) expand the number of scholarships available to University students, (2) fund key programs like the Global Leadership Initiative and the Davidson Honors College, and (3) enhance student study and athletic facilities. I am pleased to report that in the past two years we have raised approximately \$42 million towards these priorities. As you will see in our report, this has had a direct impact in the amount of support we have provided to faculty, staff and students of the University of Montana.

Please note that our annual report includes figures relating only to those private support dollars that were received through the Foundation. Our fundraising total reported in the press—\$52.6 million—also includes private support direct to the University (\$6.6 million).

We consider it an honor and privilege to be able to partner with the University in raising private funds. As always, please let me know if you have questions about the content of this report.

A handwritten signature in blue ink that reads "Shane Giese".

Shane Giese
President and CEO

C: Royce C. Engstrom, President, University of Montana
Joe Whittinghill, Chair, University of Montana Foundation Board of Trustees
Mick Robinson, Deputy Commissioner for Fiscal Affairs

THE UNIVERSITY OF MONTANA FOUNDATION

TABLE I - FOUNDATION SUPPORT OF UNIVERSITY

	FY2015	FY2014	FY2013
Foundation Funds to University [1]			
Scholarships	\$ 5,020,747	\$ 4,377,515	\$ 3,283,678
Programmatic	\$ 10,238,198	\$ 7,042,374	\$ 6,219,880
Capital	\$ 5,922,737	\$ 967,033	\$ 1,688,026
Contracted Services [2]	\$ 338,833	\$ 296,544	\$ 236,865
Total Foundation Funds Directed to the University	\$ 21,520,515	\$ 12,683,466	\$ 11,428,449
University Funds to Foundation			
Development Services [3]	\$ 500,000	\$ 500,000	\$ 425,000
Investment Administrative Fee [4]	\$ 346,499	\$ 330,194	\$ 312,163
Campaign Readiness Funding [5]	\$ -	\$ -	\$ 56,000
Total University Funds Directed to Foundation	\$ 846,499	\$ 830,194	\$ 793,163
Foundation Funds Directed by University to Foundation			
Development Salaries & Benefits, Cost Share [6]	\$ 350,511	\$ 391,500	\$ 419,862
Unrestricted Bequests [7]	\$ 82,059	\$ 253,610	\$ 175,000
Support for Investing in Student Success Initiative [8]	\$ 100,000	\$ 400,000	\$ -
Total Foundation Funds Directed to Foundation	\$ 532,570	\$ 645,110	\$ 594,862
Total University and University-Directed Funds	\$ 1,379,069	\$ 1,475,304	\$ 1,388,025
Net Foundation Funds to University	\$ 20,141,446	\$ 11,208,162	\$ 10,040,424

[1] Foundation held funds transferred to or on the behalf of the University. Amounts include spending from donor restricted as well as unrestricted gifts and bequests.

[2] Foundation payments for services rendered by the University.

[3] University payments to foundation for contracted services per Operating Agreement.

[4] Administrative Fee assessed on university owned endowment funds managed by the Foundation.

[5] Funded by an special initiative included the University's FY 13 budget.

[6] Foundation held funds directed by the University to pay up to 50% of certain development officer salaries and benefits as set out in the Operating Agreement.

[7] Includes the designation of bequest in FY 2012, to assist the Foundation's long term leasing of space in the proposed Gilkey Center for Executive Education as a means of completing the funding for that project.

THE UNIVERSITY OF MONTANA FOUNDATION

TABLE II - Investment Management

	FY 2015	FY 2014	FY 2013
<u>Long Term Investment Portfolio Balance</u>			
Foundation Funds	\$ 143,279,756	\$ 144,844,919	\$ 119,041,651
Agency Funds [1]	\$ 18,089,332	\$ 19,048,860	\$ 16,906,659
Related Agency Funds [2]	\$ 1,695,635	\$ 2,933,473	\$ 2,432,305
TOTAL	\$ 163,064,723	\$ 166,827,252	\$ 138,380,615

	Annualized Return - FY 2015			
	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Long Term Investment Portfolio Balance	-0.5%	9.8%	9.9%	6.2%
Benchmark [3]	-1.6%	7.3%	7.9%	8.3%

[1] Funds owned by the University

[2] Funds owned by a third party agency or other university affiliated 501(c)(3)

[3] Index is a diversified benchmark comprised of eleven different indices to encompass all aspects of our portfolio. (Benchmark is established by the UM Foundation's Investment Committee.)

THE UNIVERSITY OF MONTANA FOUNDATION
TABLE III - SELECTED PERFORMANCE METRICS

	FY 2015		FY2014		FY 2013	
DEVELOPMENT SERVICES						
<u>Fundraising</u>						
Gifts & Pledges						
> \$10,000	267	\$ 31,447,139	245	\$ 21,670,900	158	\$ 7,406,228
\$1,000 - \$10,000	1,607	\$ 3,682,526	1,406	\$ 3,627,269	1,363	\$ 3,383,191
< \$1,000	34,834	\$ 2,324,604	13,176	\$ 2,228,552	11,930	\$ 2,052,966
Conditional Pledges [1]	23	\$ 8,599,504	30	\$ 16,298,034	28	\$ 4,637,361
Total	36,731	\$ 46,053,773	14,857	\$ 43,824,755	13,479	\$ 17,479,746
<u>Invested</u>						
% Endowed	42.1%	\$ 19,381,850	60.0%	\$ 26,304,738	25.5%	\$ 4,466,011
% Current	57.9%	\$ 26,671,923	40.0%	\$ 17,520,017	74.5%	\$ 13,013,735
Total		\$ 46,053,773		\$ 43,824,755		\$ 17,479,746
<u>Restriction</u>						
% Restricted	98.7%	\$ 45,459,415	99.6%	\$ 43,656,368	97.5%	\$ 17,049,198
% Non-Restricted	1.3%	\$ 594,358	0.4%	\$ 168,387	2.5%	\$ 430,548
Total		\$ 46,053,773		\$ 43,824,755		\$ 17,479,746
<u>Purpose</u>						
% Scholarships	18.7%	\$ 8,612,689	30.1%	\$ 13,175,228	26.0%	\$ 4,536,829
% Programmatic	55.6%	\$ 25,586,020	66.7%	\$ 29,211,052	71.2%	\$ 12,445,816
% Capital	25.7%	\$ 11,855,064	3.3%	\$ 1,438,475	2.8%	\$ 497,101
Total		\$ 46,053,773		\$ 43,824,755		\$ 17,479,746
<u>Other Activities</u>						
Distributions [3]	3,850	\$ 21,181,682	3,798	\$ 12,683,466	3,691	\$ 11,428,449
Donor Funds [4]	2,185	\$ 246,505,316	1,901	\$ 219,533,769	1,901	\$ 185,738,755
Receipts and Acknowledgements [5]	20,588		19,140		18,031	

[1] Conditional pledges, documented bequests, and revocable commitments

[2] Declining distributions reflect increased bundling of distributions and increased use of ACH transfers

[3] Variation in dollars distributed is due in large part to varying amounts of construction activity.

[4] Amount includes assets of donor funds held by the Foundation.

[5] Receipts and acknowledgements include pledge payments and memo credits and is therefore greater than the number of gifts and pledges made (see above).