



August 31, 2017

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 mid-October.

Please note that our annual report includes figures relating only to those private support dollars that were received through the Foundation. The total private support figure reported to the media for FY2017 – \$84.5 million – also includes private support given directly to the University that did not flow through the Foundation (\$13.9 million).

We consider it an honor and privilege to be able to partner with the University in growing private support. Please let me know if you have questions about the content of this report.

A handwritten signature in cursive script that reads "Cindy".

Cindy Williams
President and CEO

C: Sheila Stearns, President, University of Montana
Mary Olson, Chair, University of Montana Foundation Board of Trustees
Chuck Jensen, Deputy Commissioner for Administration and Finance

THE UNIVERSITY OF MONTANA FOUNDATION

TABLE I - FOUNDATION SUPPORT OF UNIVERSITY

	FY2017	FY2016	FY2015
Foundation Funds to University [1]			
Scholarships	\$ 5,734,825	\$ 5,263,299	\$ 5,020,747
Programmatic	\$ 10,110,528	\$ 9,643,467	\$ 10,238,198
Capital	\$ 3,764,820	\$ 5,167,377	\$ 5,922,737
Contracted Services [2]	\$ 511,619	\$ 353,266	\$ 338,833
Total Foundation Funds Directed to the University	\$ 20,121,792	\$ 20,427,409	\$ 21,520,515
University Funds to Foundation			
Development Services [3]	\$ 550,000	\$ 550,000	\$ 500,000
Investment Administrative Fee [4]	\$ 365,309	\$ 380,619	\$ 346,499
Total University Funds Directed to Foundation	\$ 915,309	\$ 930,619	\$ 846,499
Foundation Funds Directed by University to Foundation			
Development Salaries & Benefits, Cost Share [5]	\$ 437,628	\$ 427,625	\$ 350,511
Unrestricted Bequests [6]	\$ 460,750	\$ 245,908	\$ 82,059
Additional Support for Fundraising Initiatives [7]	\$ 500,000	\$ 126,353	\$ 100,000
Total Foundation Funds Directed to Foundation	\$ 1,398,378	\$ 799,886	\$ 532,570
Total University and University-Directed Funds	\$ 2,313,687	\$ 1,730,505	\$ 1,379,069
Net Foundation Funds to University	\$ 17,808,105	\$ 18,696,904	\$ 20,141,446

[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] 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.

[6] 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.

[7] Funded by unrestricted funds held at the Foundation by the University.

THE UNIVERSITY OF MONTANA FOUNDATION

TABLE II - Investment Management

	FY 2017	FY 2016	FY 2015
<u>Long Term Investment Portfolio Balance</u>			
Foundation Funds	\$ 157,465,970	\$ 139,985,688	\$ 143,279,756
Agency Funds [1]	\$ 17,124,229	\$ 16,415,596	\$ 18,089,332
Related Agency Funds [2]	\$ 1,582,587	\$ 1,659,900	\$ 1,695,635
TOTAL	\$ 176,172,786	\$ 158,061,184	\$ 163,064,723

	Annualized Return - FY 2016			
	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Long Term Investment Portfolio Balance	10.7%	2.4%	7.4%	4.2%
Benchmark [3]	10.4%	2.7%	7.1%	3.2%

[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 sixteen 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 2017		FY 2016		FY2015	
DEVELOPMENT SERVICES						
<u>Fundraising</u>						
Gifts & Pledges						
> \$10,000	313	\$ 55,247,577	311	\$ 18,251,444	267	\$ 31,447,139
\$1,000 - \$10,000	1,536	\$ 3,569,731	1,452	\$ 3,265,250	1,607	\$ 3,682,526
< \$1,000	33,030	\$ 2,366,965	29,185	\$ 2,136,590	34,834	\$ 2,324,604
Conditional Pledges [1]	34	\$ 9,431,947	36	\$ 18,721,861	23	\$ 8,599,504
Total	34,913	\$ 70,616,220	30,984	\$ 42,375,145	36,731	\$ 46,053,773
<u>Invested</u>						
% Endowed	58.6%	\$ 41,396,668	50.5%	\$ 21,420,313	42.1%	\$ 19,381,850
% Current	41.4%	\$ 29,219,552	49.5%	\$ 20,954,832	57.9%	\$ 26,671,923
Total		\$ 70,616,220		\$ 42,375,145		\$ 46,053,773
<u>Restriction</u>						
% Restricted	99.8%	\$ 70,507,751	99.8%	\$ 42,301,111	99.6%	\$ 45,459,415
% Non-Restricted	0.2%	\$ 108,469	0.2%	\$ 74,034	0.4%	\$ 594,358
Total		\$ 70,616,220		\$ 42,375,145		\$ 46,053,773
<u>Purpose</u>						
% Scholarships	25.1%	\$ 17,716,872	40.6%	\$ 17,184,981	30.1%	\$ 8,612,689
% Programmatic	63.0%	\$ 44,494,305	52.2%	\$ 22,130,841	66.7%	\$ 25,586,020
% Capital	11.9%	\$ 8,405,043	7.2%	\$ 3,059,323	3.3%	\$ 11,855,064
Total		\$ 70,616,220		\$ 42,375,145		\$ 46,053,773
<u>Other Activities</u>						
Distributions [3]	3,219	\$ 19,610,173	3,556	\$ 20,074,143	3,798	\$ 21,181,682
Donor Funds [4]	2,369	\$ 298,005,446	2,277	\$ 237,124,212	2,185	\$ 246,505,316
Receipts and Acknowledgements [5]	22,210		21,317		20,588	

[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).