



August 31, 2018

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 for fiscal year 2018 is \$64.1 million, and includes private support given directly to the University that did not flow through the Foundation (\$12.0 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 blue ink that reads "Cindy Williams". The signature is written in a cursive style.

Cindy Williams
President and CEO

CC: Seth Bodnar, President, University of Montana
Mary Olson, Chair, University of Montana Foundation Board of Trustees
Tyler Trevor, Deputy Commissioner for Administration and Finance

THE UNIVERSITY OF MONTANA FOUNDATION

TABLE I - FOUNDATION SUPPORT OF UNIVERSITY

	FY2018	FY2017	FY2016
Foundation Funds to University [1]			
Scholarships [2]	\$ 5,199,442	\$ 5,734,825	\$ 5,263,299
Programmatic [2]	\$ 12,702,047	\$ 9,822,312	\$ 9,643,467
Capital	\$ 24,329,183	\$ 5,413,495	\$ 5,167,377
Contracted Services [3]	\$ 400,323	\$ 511,619	\$ 353,266
Total Foundation Funds Directed to the University	\$ 42,630,995	\$ 21,482,251	\$ 20,427,409
University Funds to Foundation			
Development Services [4]	\$ 550,000	\$ 550,000	\$ 550,000
Investment Administrative Fee [5]	\$ 369,264	\$ 365,309	\$ 380,619
Total University Funds Directed to Foundation	\$ 919,264	\$ 915,309	\$ 930,619
Foundation Funds Directed by University to Foundation			
Development Salaries & Benefits, Cost Share [6]	\$ 468,389	\$ 437,628	\$ 427,625
Unrestricted Bequests [7]	\$ 121,600	\$ 460,750	\$ 245,908
Support for Student Success Initiatives [8]	\$ 98,273	\$ 500,000	\$ 126,353
Total Foundation Funds Directed to Foundation	\$ 688,262	\$ 1,398,378	\$ 799,886
Total University and University-Directed Funds	\$ 1,607,526	\$ 2,313,687	\$ 1,730,505
Net Foundation Funds to University	\$ 41,023,469	\$ 19,168,564	\$ 18,696,904

[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] The 2017 scholarship and programmatic support numbers differ from was what reported last year due to adjustments made during the audit.

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

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

[5] Administrative Fee assessed on University owned endowment funds managed by the Foundation.

[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 Gilkey Building as a means of completing the funding for that project.

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

THE UNIVERSITY OF MONTANA FOUNDATION

TABLE II - Investment Management

	FY2018	FY2017	FY2016
<u>Long Term Investment Portfolio Balance</u>			
Foundation Funds	\$ 171,041,949	\$ 157,465,970	\$ 139,985,688
Agency Funds [1]	\$ 17,197,480	\$ 17,124,229	\$ 16,415,596
Related Agency Funds [2]	\$ 1,270,153	\$ 1,582,587	\$ 1,659,900
TOTAL	\$ 189,509,582	\$ 176,172,786	\$ 158,061,184

	Annualized Return - FY 2018			
	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Long Term Investment Portfolio Balance	6.7%	4.5%	6.1%	5.5%
Benchmark [3]	7.3%	5.3%	6.2%	5.2%

[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

	FY2018		FY2017		FY2016	
DEVELOPMENT SERVICES						
<u>Fundraising</u>						
Gifts & Pledges						
> \$10,000	338	\$ 29,989,320	313	\$ 55,247,577	311	\$ 18,251,444
\$1,000 - \$10,000	1,648	\$ 3,726,310	1,536	\$ 3,569,731	1,452	\$ 3,265,250
< \$1,000	13,967	\$ 2,398,717	15,721	\$ 2,366,965	14,155	\$ 2,136,590
Conditional Pledges [1]	28	\$ 15,968,000	34	\$ 9,431,947	36	\$ 18,721,861
Total	15,981	\$ 52,082,347	17,604	\$ 70,616,220	15,954	\$ 42,375,145
<u>Invested</u>						
% Endowed	42.0%	\$ 21,894,643	58.6%	\$ 41,396,668	50.5%	\$ 21,420,313
% Current	58.0%	\$ 30,187,704	41.4%	\$ 29,219,552	49.5%	\$ 20,954,832
Total		\$ 52,082,347		\$ 70,616,220		\$ 42,375,145
<u>Restriction</u>						
% Restricted	99.8%	\$ 51,982,597	99.8%	\$ 70,507,751	99.8%	\$ 42,301,110
% Non-Restricted	0.2%	\$ 99,750	0.2%	\$ 108,469	0.2%	\$ 74,035
Total		\$ 52,082,347		\$ 70,616,220		\$ 42,375,145
<u>Purpose</u>						
% Scholarships	20.4%	\$ 10,643,305	25.1%	\$ 17,716,872	40.6%	\$ 17,184,981
% Programmatic	54.3%	\$ 28,303,736	63.0%	\$ 44,494,305	52.2%	\$ 22,130,841
% Capital	25.2%	\$ 13,135,306	11.9%	\$ 8,405,043	7.2%	\$ 3,059,323
Total		\$ 52,082,347		\$ 70,616,220		\$ 42,375,145
<u>Other Activities</u>						
Distributions [2], [3]	2,900	\$ 42,230,672	3,219	\$ 20,970,632	3,556	\$ 20,074,143
Donor Funds [4]	2,417	\$ 291,207,443	2,369	\$ 298,005,446	2,277	\$ 237,124,212
Receipts and Acknowledgements [5]	17,689		22,210		21,317	

[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).