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Montana University System



August 19, 2018

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

Dear Commissioner Christian,

Enclosed is our annual report as required under BOR Policy 901.9 (Campus Affiliated Foundation). The report addresses the financial benefits to the University of Montana Western and related expenses of the University of Montana Western Foundation. The report also addresses the investment management results achieved by the foundation related to our endowment portfolio and performance metrics associated with the responsibilities cited in the operating agreement.

It is my pleasure to provide you with the data requested. Please let me know if you have any questions about the content of this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Roxanne G. Engellant". The signature is fluid and cursive, with a long horizontal stroke at the end.

Roxanne G. Engellant
Executive Director

C: Dr. Beth Weatherby, Chancellor, The University of Montana Western
Michael Reid, Vice Chancellor, The University of Montana Western
Deb Creger, Chair, The University of Montana Western Foundation

The University of Montana Western Foundation

TABLE I - FOUNDATION SUPPORT OF UNIVERSITY

	FY 2018	FY 2017	FY 2016
<i>Foundation Funds to University [1]</i>			
Scholarships	\$ 352,056	\$ 278,003	\$ 260,698
Programmatic	\$ 435,948	\$ 602,413	\$ 241,679
Capital	\$ -	\$ 345,548	\$ 179,287
Total Foundation Funds Directed to the University	\$ 788,003	\$ 1,225,964	\$ 681,664
<i>University Funds to Foundation</i>			
Development Services [2]	\$ 10,000	\$ 10,000	\$ 10,000
Investment Administrative Fee [3]	\$ 34,498	\$ 33,758	\$ 3,000
Salaries & Benefits, Cost Share [4]	\$ 58,988	\$ 56,799	\$ 53,369
Total University Funds Directed to Foundation	\$ 103,486	\$ 100,557	\$ 66,369
Net Foundation Funds to University	\$ 684,517	\$ 1,125,407	\$ 615,295

[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] University payments to foundation for contracted services per operating agreement.

[3] Administrative Fee assessed on university owned endowment funds (Emerick), managed by the foundation . FY17 implemented a 1% management fee.

[4] University salary and benefits support to administrative staff and executive director per operating agreement.

Note: The University also provides adequate space and facilities for the foundation per operating agreement.

The University of Montana Western Foundation

TABLE II - INVESTMENT MANAGEMENT

	FY 2018	FY 2017	FY 2016
Long Term Investment Portfolio Balance			
University of Montana Western Foundation	\$ 6,594,742	\$ 6,029,642	\$ 5,109,949
University of Montana Western D.I. Emerick Trust [1]	\$ 1,961,937	\$ 1,962,934	\$ 1,815,324
University of Montana Western M.B. Emerick Trust [1]	\$ 1,647,083	\$ 1,636,724	\$ 1,544,554
TOTAL	\$ 10,203,762	\$ 9,629,300	\$ 8,469,827
Annualized Return			
	1 Yr.	3 Yr.	Since Inception
University of Montana Western Foundation	6.10%	4.64%	6.05%
Fixed Income	0.37%	2.15%	2.69%
Equities	13.59%	9.50%	11.42%
University of Montana Western D.I. Emerick Trust (2)	7.39%	5.36%	6.47%
Fixed Income	1.09%	2.61%	2.84%
Equities	13.60%	9.59%	11.44%
University of Montana Western M.B. Emerick Trust (2)	7.46%	5.42%	6.47%
Fixed Income	1.02%	2.53%	2.96%
Equities	13.64%	9.56%	11.48%
Index's			
Barclays Aggregate Bond Index	-0.40%	1.72%	2.63%
Standard & Poor's 500 Stock Index	14.35%	11.91%	14.45%
MSCI all Country World Index	7.79%	5.56%	6.13%

[2] Funds owned by the university.

The University of Montana Western Foundation

TABLE III - SELECTED PERFORMANCE METRICS

	FY 2018		FY 2017	
<i>Fundraising</i>				
<u>Gifts & Pledges</u>				
> \$10,000 [1]	10	\$ 256,937	7	\$ 584,141
\$1,000 - \$10,000	123	\$ 263,669	109	\$ 223,502
< \$1,000	998	\$ 149,473	835	\$ 123,136
Total	1131	\$ 670,080	951	\$ 930,779
<u>Invested</u>				
% Endowed	32.89%	\$ 224,695	60.34%	\$ 561,654
% Current	67.11%	\$ 445,384	39.66%	\$ 369,125
Total	100.00%	\$ 670,080	100.00%	\$ 930,779
<u>Restriction</u>				
% Restricted	97.19%	\$ 654,488	98.80%	\$ 919,642
% Non-Restricted	2.81%	\$ 15,592	1.20%	\$ 11,137
Total	100.00%	\$ 670,080	100.00%	\$ 930,779
<u>Purpose</u>				
% Scholarships	53.06%	\$ 362,211	70.77%	\$ 658,751
% Programmatic	44.34%	\$ 287,868	25.82%	\$ 240,338
% Capital	2.59%	\$ 20,000	3.40%	\$ 31,690
Total	100.00%	\$ 670,080	100.00%	\$ 930,779