



August 29, 2019

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). In addition to 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 2019 is \$55.9 million, and includes private support given directly to the University that did not flow through the Foundation (\$13.3 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, flowing style.

Cindy Williams  
President and CEO

CC: Seth Bodnar, President, University of Montana  
Suzanne Peterson, Chair, University of Montana Foundation Board of Trustees  
Tyler Trevor, Deputy Commissioner for Budget and Planning

**THE UNIVERSITY OF MONTANA FOUNDATION**  
**TABLE I - FOUNDATION SUPPORT OF UNIVERSITY**

	FY2019	FY2018	FY2017
Foundation Funds to University [1]			
Scholarships	\$ 6,043,397	\$ 5,199,442	\$ 5,734,825
Programmatic [2]	\$ 20,171,737	\$ 12,215,945	\$ 9,822,312
Capital [2]	\$ 8,394,570	\$ 24,328,973	\$ 5,413,495
Contracted Services [3]	\$ 449,330	\$ 400,323	\$ 511,619
<b>Total Foundation Funds Directed to the University</b>	<b>\$ 35,059,034</b>	<b>\$ 42,144,683</b>	<b>\$ 21,482,251</b>
University Funds to Foundation			
Development Services [4]	\$ 550,000	\$ 550,000	\$ 550,000
Investment Administrative Fee [5]	\$ 365,387	\$ 369,264	\$ 365,309
<b>Total University Funds Directed to Foundation</b>	<b>\$ 915,387</b>	<b>\$ 919,264</b>	<b>\$ 915,309</b>
Foundation Funds Directed by University to Foundation			
Development Salaries & Benefits, Cost Share [6]	\$ 486,086	\$ 468,389	\$ 437,628
Unrestricted Bequests [7]	\$ 63,333	\$ 121,600	\$ 460,750
Support for Campaign Montana [8]	\$ 171,380	\$ 98,273	\$ 500,000
<b>Total Foundation Funds Directed to Foundation</b>	<b>\$ 720,799</b>	<b>\$ 688,262</b>	<b>\$ 1,398,378</b>
<b>Total University and University-Directed Funds</b>	<b>\$ 1,636,186</b>	<b>\$ 1,607,526</b>	<b>\$ 2,313,687</b>
<b>Net Foundation Funds to University</b>	<b>\$ 33,422,848</b>	<b>\$ 40,537,157</b>	<b>\$ 19,168,564</b>

[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. Amounts are also inclusive of outright expenditures and in-kind expenditures.

[2] The 2018 programmatic and capital support numbers have been updated to reflect audited numbers.

[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

	FY2019	FY2018	FY2017
<u>Long Term Investment Portfolio Balance</u>			
Foundation Funds	\$ 186,900,719	\$ 171,041,949	\$ 157,465,970
Agency Funds [1]	\$ 16,960,372	\$ 17,197,480	\$ 17,124,229
Related Agency Funds [2]	\$ 1,184,742	\$ 1,270,153	\$ 1,582,587
<b>TOTAL</b>	<b>\$ 205,045,834</b>	<b>\$ 189,509,582</b>	<b>\$ 176,172,786</b>

	Annualized Return - FY 2019			
	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Long Term Investment Portfolio Balance	3.8%	7.3%	3.7%	8.3%
Benchmark [3]	4.8%	8.1%	5.0%	8.7%

[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**

	FY2019	FY2018	FY2017
<b>DEVELOPMENT SERVICES</b>			
<u>Fundraising</u>			
Gifts & Pledges			
> \$10,000	321 \$ 23,886,421	338 \$ 29,989,320	313 \$ 55,247,577
\$1,000 - \$10,000	1,563 \$ 3,675,919	1,648 \$ 3,726,310	1,536 \$ 3,569,731
< \$1,000	12,408 \$ 2,204,583	13,967 \$ 2,398,717	15,721 \$ 2,366,965
Conditional Pledges [1]	43 \$ 12,745,093	28 \$ 15,968,000	34 \$ 9,431,947
<b>Total</b>	<b>14,335 \$ 42,512,016</b>	<b>15,981 \$ 52,082,347</b>	<b>17,604 \$ 70,616,220</b>
<u>Invested</u>			
% Endowed	37.4% \$ 15,886,961	42.0% \$ 21,894,643	58.6% \$ 41,396,668
% Current	62.6% \$ 26,625,055	58.0% \$ 30,187,704	41.4% \$ 29,219,552
<b>Total</b>	<b>\$ 42,512,016</b>	<b>\$ 52,082,347</b>	<b>\$ 70,616,220</b>
<u>Restriction</u>			
% Restricted	99.7% \$ 42,392,612	99.8% \$ 51,982,597	99.8% \$ 70,507,751
% Non-Restricted	0.3% \$ 119,405	0.2% \$ 99,750	0.2% \$ 108,469
<b>Total</b>	<b>\$ 42,512,016</b>	<b>\$ 52,082,347</b>	<b>\$ 70,616,220</b>
<u>Purpose</u>			
% Scholarships	28.7% \$ 12,209,475	20.4% \$ 10,643,305	25.1% \$ 17,716,872
% Programmatic	69.8% \$ 29,694,410	54.3% \$ 28,303,736	63.0% \$ 44,494,305
% Capital	1.4% \$ 608,132	25.2% \$ 13,135,306	11.9% \$ 8,405,043
<b>Total</b>	<b>\$ 42,512,016</b>	<b>\$ 52,082,347</b>	<b>\$ 70,616,220</b>
<u>Other Activities</u>			
Distributions [2], [3]	2,809 \$ 34,609,704	2,900 \$ 41,744,360	3,219 \$ 20,970,632
Donor Funds [4]	2,251 \$ 294,482,792	2,417 \$ 291,207,443	2,369 \$ 298,005,446
Receipts and Acknowledgements [5][6]	10,400	11,779	22,210

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

[2] Declining distributions reflect increased bundling of distributions

[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] In FY 17 receipts and acknowledgements include pledge payments and memo credits and is therefore greater than the number of gifts and pledges made (see above).

[6] In FY18 and FY19, in accordance with a tax law change, some transactions were counted as gifts for fundraising totals, but were not receipted as a charitable donation. Therefore, the number of receipts is less than the number of gifts and pledges.