

2015
**ANNUAL
REPORT**



Vision

To be recognized as the trusted partner of those wishing to support the University of Nebraska.

Mission

We advance the University of Nebraska by building relationships, connecting the philanthropic visions of donors with the goals of the university, and providing responsible stewardship of gifts from those passionate about the university and its mission.

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Our fiscal year ended with a nice accomplishment—our third consecutive year of raising more than \$200 million for the University of Nebraska. While the \$212.7 million raised this fiscal year didn't set a new record (it was the third best year in our history) it provided momentum and support for several key initiatives on campus. You'll find more about some of those projects on the following pages.

Benefits transferred did hit an all-time high this fiscal year, with a significant portion of those funds transferred to the university, helping to pay for new construction on all campuses. It is exciting to see the campuses transform themselves physically in order to provide students with the best education possible, do ground breaking research in water, early childhood education, cancer and other areas, and provide some of the best health care that can be found anywhere in the world.

We also closed out our major fundraising effort, the Campaign for Nebraska: Unlimited Possibilities, which ended in the middle of our fiscal year, on Dec. 31, 2014. The campaign was a huge success and raised more than \$1.89 billion for the University of Nebraska over its 9 years. While we ended that campaign in the fiscal year, we also began planning for what follows, and that is Our Students, Our Future, a much smaller but critically important effort to raise funds for direct student aid for University of Nebraska students. We hope this effort, to raise \$200 million for students, is just as successful in the next couple of years.

We warmly welcomed the seventh president of the University of Nebraska on April 13, Hank M. Bounds, Ph.D., and we look forward to working with him to advance the University of Nebraska and make it a giant in higher education.

We are proud of what the university does for this state and our world, and thank you for all that you do to make that possible.

Sincerely,



Tonn M. Ostergard
Chairman of the Board of Directors

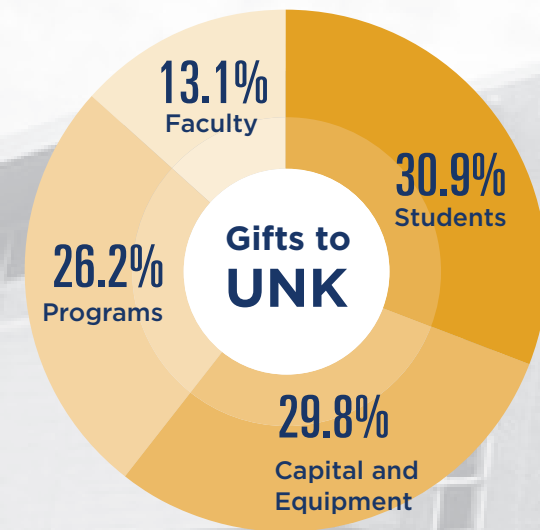


Brian F. Hastings
President and CEO



“THE DEVELOPMENT OF THIS HEALTH SCIENCE EDUCATION COMPLEX WILL BECOME A NATIONAL MODEL FOR RURAL HEALTH CARE DELIVERY AND WILL BOLSTER OUR REPUTATION BY DEMONSTRATING THAT WE CAN DELIVER ON BIG DREAMS AND BIG PROJECTS.”

– UNK Chancellor Doug Kristensen



UNK

Gifts to UNK in this fiscal year helped make possible the dedication of the \$19 million Health Science Education Complex, a collaboration with UNMC. Donors provided \$4 million of the funds needed for the project, with the balance funded by the state of the Nebraska. The new facility will expand the existing nursing degree program and offer new degrees in health such as physician assistants, physical therapy and sonography.

The campus also received major gifts for student scholarships. Those gifts created scholarships for:

- education
- broadcast journalism
- athletics
- business
- and the Honors Program.

In addition, a \$2 million gift received this fiscal year will provide annual support for the College of Education and its academic and outreach programs related to children from birth to age 8 and create a faculty chair in early childhood education.

“ACADEMIC BUILDINGS ARE ONLY TOOLS THAT HELP STUDENTS AND FACULTY SUCCEED. WHILE THE BUILDING WILL FACILITATE MODERN TEACHING METHODOLOGY, IT WILL ALSO CREATE NEW AND HIGHER EXPECTATIONS FOR INSPIRED TEACHING, FOR INNOVATIVE RESEARCH AND FOR IMPORTANT SERVICE TO NEBRASKA BUSINESS. CBA HAS ALWAYS MADE A LARGE CONTRIBUTION TO THE BUSINESS TALENT THAT HAS DRIVEN NEBRASKA’S ECONOMY. THIS BUILDING ASSURES THAT OUR FUTURE BUSINESS LEADERS WILL HAVE THE BENEFIT OF CONTEMPORARY EDUCATION.”

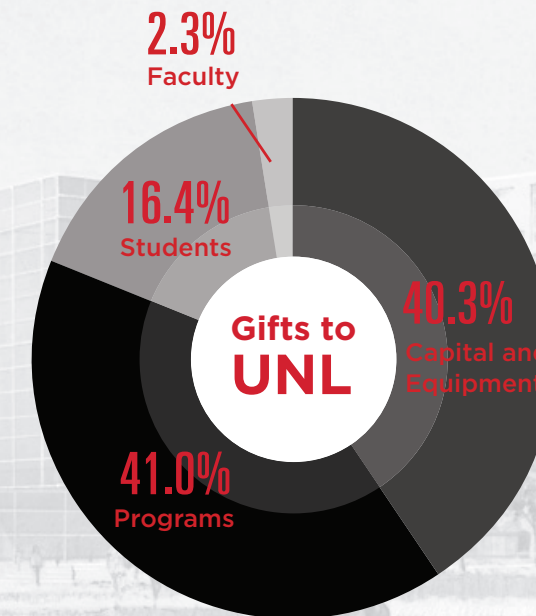


A \$30 million gift to UNL will establish the Don Clifton Strengths Institute at the College of Business Administration, helping further the mission of the late student, professor and researcher, Donald O. Clifton, who believed that people should identify their strengths and use them every day to find success in their careers. The institute will be housed in the new \$84 million, privately funded College of Business Administration building, scheduled to open in 2017.

Other major gifts to the campus have made possible:

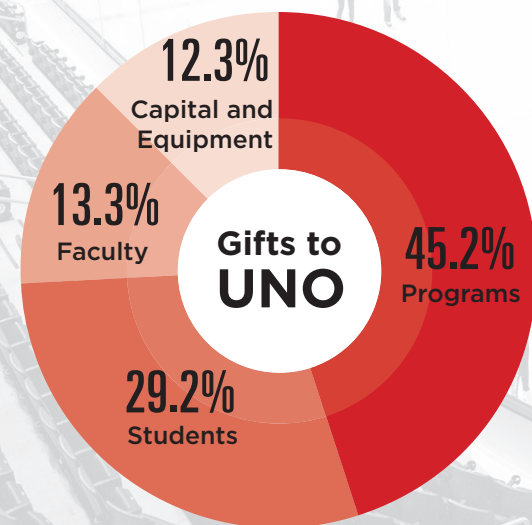
- renovations at the University of Nebraska State Museum
- additional Broadway shows at the Lied Center for Performing Arts
- scholarships for students at the Jeffrey S. Raikes School of Computer Science and Management
- a faculty chair dedicated to corn research and development
- an endowed fund to support feedyard management
- support for the law psychology program
- engineering scholarships

– UNL Chancellor Harvey Perlman



“THIS BEAUTIFUL FACILITY BECAME A REALITY BECAUSE OF UNIVERSITY, DONOR AND CITY SUPPORT. THE BAXTER ARENA PROVIDES A HOME FOR UNO ATHLETICS AND ADDS TO CAMPUS AND COMMUNITY LIFE. SIMPLY SAID, THE BAXTER ARENA EMBODIES THE TREMENDOUSLY MEANINGFUL INTEGRATION OF UNO’S DIVISION ONE ATHLETIC PROGRAMS INTO OUR CAMPUS AND THE COMMUNITY AT LARGE.”

– UNO Chancellor John Christensen



Private gifts helped support construction of Baxter Arena, home to UNO hockey, volleyball and basketball teams. The arena not only enhances the visibility of the UNO campus, but it also provides great benefits to the Omaha metropolitan community — an important part of UNO’s mission as a metropolitan university. This year private gifts also made possible the creation of a NCAA-regulation-sized soccer pitch on campus and student support facilities within the Sapp Fieldhouse.

In addition UNO received major gifts to support:

- a behavioral research laboratory at the UNO College of Business Administration;
- need-based scholarships;
- expansion of UNO’s Glacier Creek Preserve and its programs; and
- named chairs in health care administration and policy and in science.

“THE FRED & PAMELA BUFFETT CANCER CENTER REPRESENTS THE HEALTH CARE OF THE FUTURE AND ALSO HOW OUR CAMPUS CAN UNIQUELY INTEGRATE CLINICAL CARE, DISCOVERY AND EDUCATION, ALL FOR THE BENEFIT OF OUR PATIENTS. OUR PEOPLE AND OUR PROGRAMS ENABLE US TO LEAD THE WORLD IN TRANSFORMING LIVES THROUGH EXTRAORDINARY CANCER CARE AND RESEARCH. THANKS TO OUR AMAZING HEALTH CARE PROFESSIONALS WE’VE ATTRACTED AND RETAINED SOME OF THE GREATEST LEADERS IN CANCER AND STRENGTHENED PROGRAMS THAT TRULY BENEFIT THOSE TOUCHED BY CANCER.”

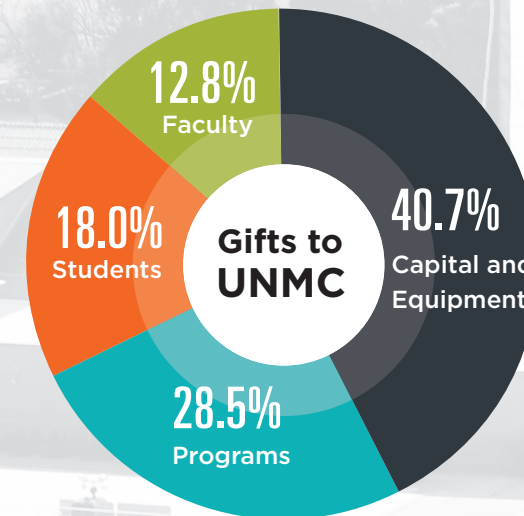


Nearly \$92 million in commitments have been secured as part of a \$100 million initiative that supports the people and programs in the Fred & Pamela Buffett Cancer Center — those that further distinguish the cancer center as a leader in cancer research and care. Among the commitments were private gifts that established the James O. Armitage Lymphoma-Leukemia Precision Medicine Program and the Glenn Korff Precision Medicine Prostate Cancer Center of Excellence Fund.

The campus received other major gifts including support for:

- macular degeneration;
- the College of Nursing building to be located on the University of Nebraska-Lincoln campus;
- named chairs in pediatrics, cardiology, nephrology and public health; and
- the Lauritzen Outpatient Center and Fritch Surgery Center.

– UNMC Chancellor Jeffrey Gold



2014-2015 Year in Review

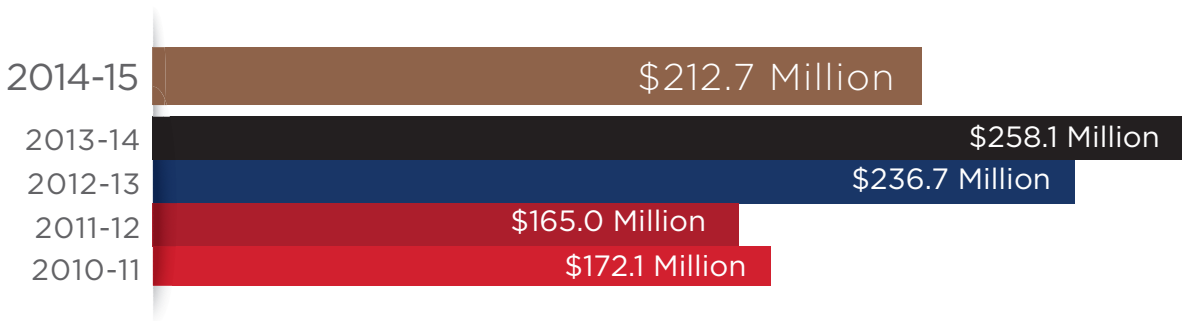
Gifts Raised: \$212.7 Million

Gifts raised in the fiscal year totaled \$212.7 million, which is the third best year in the foundation's history. It is also the third consecutive year that fundraising has exceeded \$200 million annually. Forty percent of the \$212.7 million, or \$84 million, was endowed.



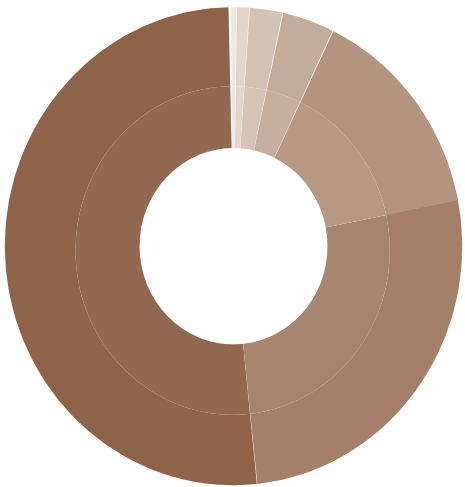
Gifts came from:

- Individuals: 40.6%**
- Foundations: 37.2%**
- Corporations: 17.4%**
- Other Organizations: 4.8%**



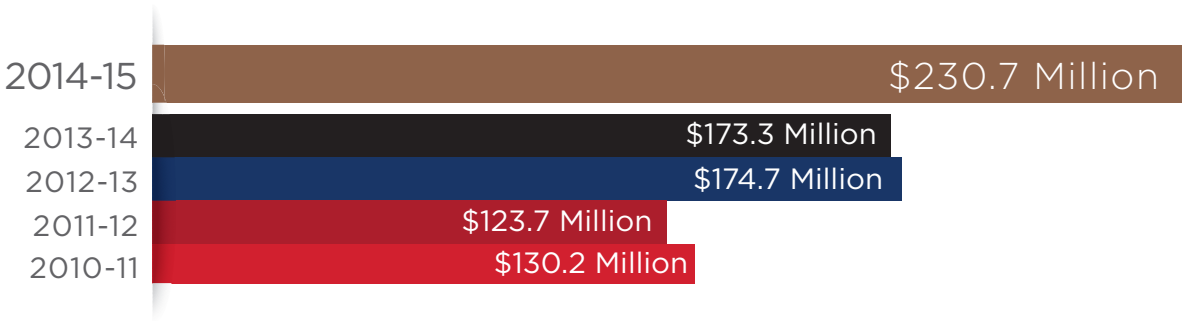
Transferred to the University - \$230.7 Million

The \$230.7 million transferred to the university in the fiscal year represents an all-time record. The primary reason for the record is the significant amount of capital construction at the University of Nebraska that is occurring with private funds. Funds transferred in this fiscal year helped make construction possible for an Educare child care facility in Lincoln, the Barbara Weitz Community Engagement Center at UNO, the Fred & Pamela Buffett Cancer Center at UNMC, the Stanley M. Truhlsen Eye Institute at UNMC, the Lozier Center for Pharmacy Sciences and Education and UNMC Center for Drug Discovery at UNMC and the UNL Tennis and Soccer Complex, among other projects.

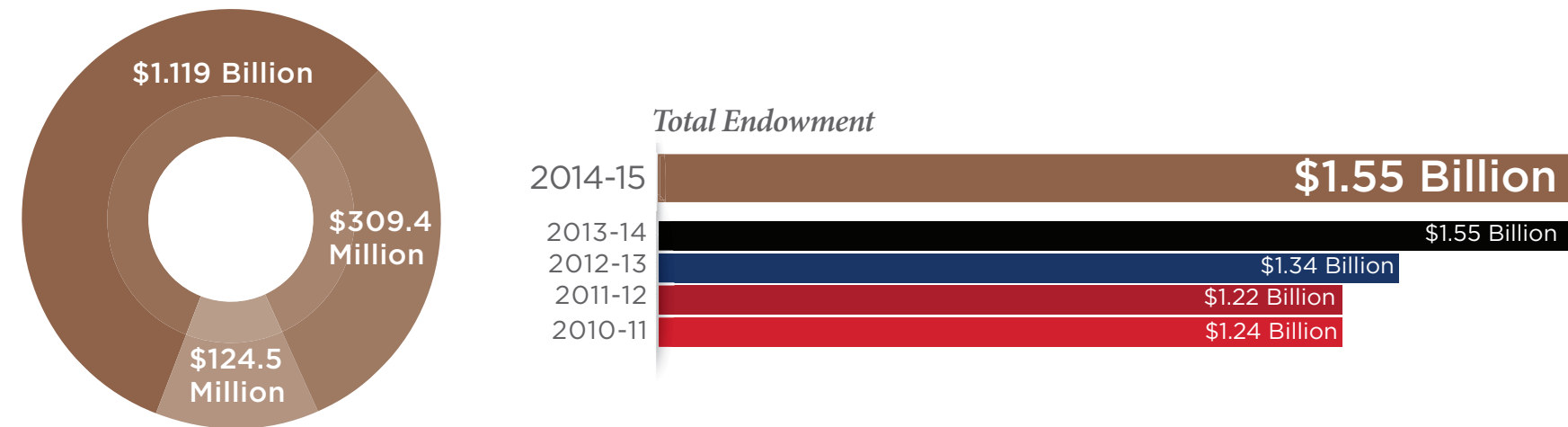


Funds transferred were used as follows:

- \$118.5 million** for campus construction or renovation projects
- \$61.6 million** for programs
- \$34 million** for scholarships
- \$8.4 million** for research
- \$5.3 million** for faculty
- \$2.0 million** for museums, libraries and fine arts
- \$0.9 million** for alumni associations



Total Endowment: \$1.55 Billion



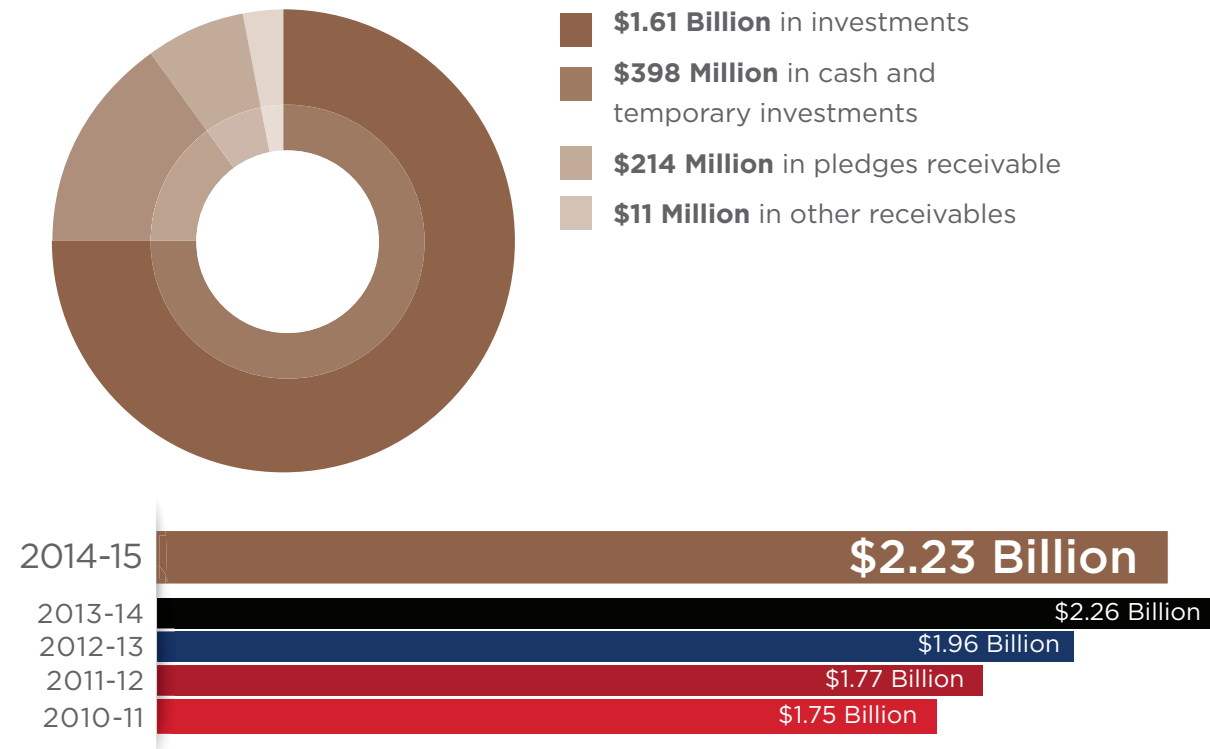
The total endowment has three components. The largest of the three is referred to as Fund A, which are the gifts to the University of Nebraska Foundation for the benefit of the university. Donors whose gifts are given directly to the university and not the foundation are referred to as Fund N. These gifts are managed by the foundation through an agency agreement with the university. The third component is several smaller endowments that for various reasons are not included in Fund A or Fund N.

The return on Fund A, or the main endowment, during the fiscal year was 0.3%, which is far from where the foundation would like to be. It was a year of wide discrepancy between domestic markets and international markets, with the S&P 500 index returning 7.4% during the year and the MSCI EAFE index, which measures markets outside of the U.S. and Canada, returning -4.2%. Much of this was due to currency fluctuations, with the strong dollar being the biggest factor in our negative returns in our international markets. However, the primary detractor in our investment return was the performance of real assets, specifically the drop in oil prices. The foundation continues to keep the endowment well diversified across multiple asset classes.

The three-year return on Fund A is 10.1%; the five-year return is 9.8%; and the ten-year return is 6.2%.

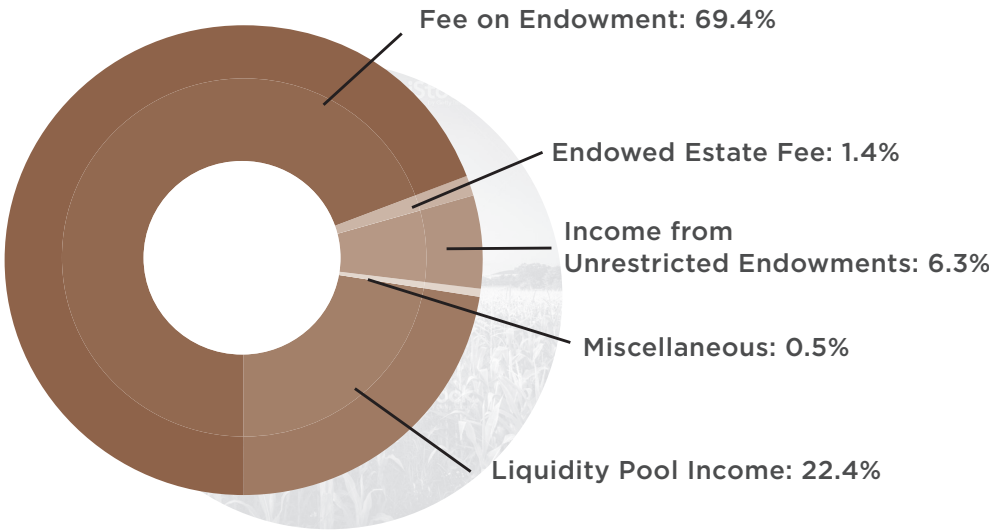
Total Assets: \$2.23 Billion

Four categories make up the foundation’s total assets. Investments are the largest category, with the endowment representing the majority of our investments. This category is invested with an emphasis on growth for the long term. The second category is cash and temporary investments (also known as our liquidity pool). This category is cash waiting to be invested, the income from endowed funds awaiting expenditure, and the cash from expendable funds awaiting expenditure. These assets are invested conservatively with an emphasis on preserving the principal since most of this money will be spent within the next few years. The third category is pledges receivable, which represents pledges that we will receive over a period of years to support the various areas of the university. The final category is other receivables, and this includes rent as well as equipment, furniture and other similar items owned by the foundation.



Funding the Foundation Operation

The large majority (77%) of the foundation operation is funded from endowment-related sources, including a 1.75% administrative fee on the endowment (69.4%), income from unrestricted endowments benefiting the foundation (6.3%), and a fee on endowed estate gifts (1.4%) that accrues the first year of spendable net income to the foundation before all future income is directed for university benefit. The next largest funding source is earnings from short-term investment of the liquidity pool (22.4%). The foundation does not currently benefit from two funding sources that are most prevalent at peer institutions, with nearly 80% of peers receiving direct fee-for-service support from the universities they support, and 50% of peers earning revenue from an administrative fee applied to all or most incoming gifts. As such, our endowment administrative fee (1.75%) is slightly higher than our peer average of 1.25%, even though it is lower than the previous high of 1.85% just a few years ago. Over time, we hope to continue to reduce the endowment fee, but to do so requires further diversification and



enhancement of foundation revenue. We continue to work closely with the university to explore all options to prudently grow the foundation’s operation in order to help deliver on the university’s long-term financial, engagement, and awareness objectives. As you can see on page 21, management and fundraising costs have increased as we have started to strategically invest for future growth.

Statement of Financial Position

DOLLARS IN THOUSANDS.

ASSETS

	JUNE 30 2015	JUNE 30 2014	JUNE 30 2013
Cash and cash equivalents.....	\$998	\$8,452	\$314
Temporary investments.....	396,545	373,607	353,132
Pledges receivable.....	214,065	252,387	214,128
Other receivables.....	3,670	11,591	3,950
Investments.....	1,607,346	1,606,298	1,384,210
Property and equipment, net of depreciation	6,756	4,696	5,585
Total assets	\$2,229,380	\$2,257,031	\$1,961,319

LIABILITIES

Accounts payable and accrued liabilities.....	\$988	\$1,035	\$909
University of Nebraska benefits payable	2,350	2,520	2,940
Scholarships, research, fellowship and professorships payable	7,481	3,111	4,883
Deferred annuities payable.....	20,098	21,424	20,966
*Deposits held in custody for others.....	332,065	336,036	297,714
**Deferred revenue.....	3,392	3,450	3,516
Total liabilities.....	\$366,374	\$367,576	\$330,928

NET ASSETS

Unrestricted	\$17,643	\$26,598	\$3,226
Temporarily restricted	\$964,325	\$1,037,947	\$857,029
Permanently restricted.....	\$881,038	\$824,910	\$770,136
Net assets	\$1,863,006	\$1,889,455	\$1,630,391
Total liabilities and net assets.....	\$2,229,380	\$2,257,031	\$1,961,319

* Gifts given to other entities and managed by the University of Nebraska Foundation.

** Prepaid ground leases at Nebraska Technology Park.

Investments

INVESTMENTS STATED AT FAIR VALUE. DOLLARS IN THOUSANDS.

ASSETS

	JUNE 30 2015	JUNE 30 2014	JUNE 30 2013
Certificates of deposit, savings and money funds	\$14,104	\$24,514	\$23,576
U.S. government securities and sovereign debt	35,106	36,750	34,952
State government securities	587	419	804
Local government securities	852	870	1,079
International bonds	22,491	29,507	28,279
Corporate bonds	68,072	65,497	63,984
Common stock	428,980	466,183	374,396
Mutual funds - Equity	87,674	111,775	118,817
Mutual funds - Fixed income	137,498	141,126	138,354
Limited partnerships	766,053	661,281	535,440
Preferred stock	574	2,253	1,411
Subtotal	\$1,561,991	\$1,540,175	\$1,321,092

INVESTMENTS STATED AT OTHER THAN FAIR VALUE

Real estate	\$34,265	\$55,644	\$53,727
Real estate mortgage and contracts	5,480	4,449	2,418
Other	2,691	3,226	4,132
Cash value of life insurance	2,761	2,646	2,683
Annuity contracts	158	158	158
Subtotal	\$45,355	\$66,123	\$63,118

TEMPORARY INVESTMENTS STATED AT FAIR VALUE

Certificates of deposits, savings and money funds	\$1,491	\$1,539	\$6,029
U.S. government securities	183,743	173,503	193,864
State government securities	46,776	38,935	23,345
Local government securities	55,269	45,701	38,008
Corporate bonds	104,156	111,969	90,611
Equity Exchange Traded funds	4,770	0	0

TEMPORARY INVESTMENTS STATED AT OTHER THAN FAIR VALUE

Real Estate	340	1,960	1,275
Subtotal	\$396,545	\$373,607	\$353,132
Total investments	\$2,003,891	\$1,979,905	\$1,737,342

Statement of Activities

FOR FISCAL YEAR ENDING

DOLLARS IN THOUSANDS.

REVENUES AND GAINS

	JUNE 30 2015	JUNE 30 2014	JUNE 30 2013
Gifts, bequests and life insurance proceeds	\$212,727	\$258,109	\$236,741
Investment income	29,122	29,740	31,446
Change in value of split-interest agreements	1,191	(499)	564
Realized and unrealized gain (loss) on investments	(10,906)	169,804	94,641
Total	\$232,134	\$457,154	\$363,392

EXPENSES-BENEFITS TRANSFERRED TO THE UNIVERSITY

Student assistance	\$ 33,976	\$ 26,952	\$ 21,440
Faculty assistance	5,323	5,453	4,712
Research	8,378	7,297	6,650
Academic programs	61,660	37,731	44,760
Museums, libraries and fine arts	1,975	2,247	2,384
Campus and building improvements	118,526	92,707	93,929
Alumni associations	868	868	838
Deferred compensation	7	9	10
Total benefits transferred	\$230,713	\$173,264	\$174,723

EXPENSES-OPERATIONS

Management and fundraising	\$24,051	\$21,015	\$20,472
EXPENSES-OTHER			
Paid to beneficiaries	3,043	3,208	3,170
Depreciation	776	603	908
Total operations and other	\$27,870	\$24,826	\$24,550

Total expenses	\$258,583	\$198,090	\$199,273
Increase (decrease) in net assets	(26,449)	259,064	164,119
Plus: beginning net assets	1,889,455	1,630,391	1,466,272
Ending net assets	\$1,863,006	\$1,889,455	\$1,630,391

Executive Team

- Brian F. Hastings, President and CEO
- Michael Bird, Vice President, UNO Development
- Lori A. Byrne, Senior Vice President, Development
- Lucas Dart, Vice President, UNK Alumni Relations & Development
- Dorothy Endacott, Vice President, Marketing Communications
- Larry Hartley, Assistant Vice President, Chief Information Officer
- Jason Kennedy, Senior Vice President, Chief Financial Officer, Treasurer
- Keith Miles, Vice President, General Counsel
- Joe Selig, Senior Vice President, UNL Development
- Connie Soucie, Vice President, Talent, Culture and Human Resources
- Ben Storck, Senior Director, Operations and Special Projects
- Amy Volk, Senior Vice President, UNMC Development

Board of Directors

2014-15

- | | |
|------------------------------|---|
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| J. Timothy Daugherty | Gregory D. Stine |
| Sid Dinsdale | Barbara V. Weitz |
| Paul F. Engler | Peter J. Whitted |
| Norman R. Hedgecock | Brian F. Hastings, ex officio, President and CEO, University of Nebraska Foundation |
| Thomas J. Henning | Bob Phares, ex officio, Chairman, Board of Regents |
| Karen L. Himle | Hank Bounds, ex officio, President, University of Nebraska |
| Margaret M. Holman | |
| William D. Jackman | |
| JoAnn M. Martin | |

Please visit our website to find the following information:

University of Nebraska Foundation Board Committee and Subcommittee members: nufoundation.org/about/board-of-directors
University of Nebraska Foundation Trustees: nufoundation.org/about/trustees

nufoundation.org
800-432-3216
info@nufoundation.org

Kearney
308-698-5270

Lincoln
402-458-1100

Omaha
402-502-0300