

WNMU Foundation

2008 Annual Report

Board of Directors: F. Gene Gruber, President; Dr. Mary Cowan, Vice President; Dr. Tom Hines, Secretary; Richard Lawyer, Treasurer; Fred Barraza, Joe Casey, Bob Martin, John Myers, Richard Peterson, Murray Ryan, Moose White, William Perkins

Office Staff: Vance Redfern, Executive Director; Suzanne Triviz-Harrigan, Executive Assistant; Vickie Hall, Accountant

The Foundation just closed the books for 2007/08 with its audit of activities and finances. For the fourth year in a row, the audit was “unqualified” meaning that everything is in order and passes the test of financial integrity.

In October 2007, a new chapter in the operations of the Foundation began. Instead of dealing with five brokerage houses, a consolidation of activities into one main portfolio was established. The Foundation entered into a financial relationship with Wells Fargo Private Client Services to manage its portfolio and review its policies and procedures. This new arrangement has proven to be beneficial to the operations of the Foundation and the oversight of its investments in conjunction with the Board’s investment committee.

During this transition with a new money manager the economy and stock market’s reaction to a down turn has created unexpected burdens on the spending criteria of the Foundation. Prior years were directed by a formula whereby 70% of the “earnings” were spent on the intent of the endowment, 10% stayed to enhance the corpus, and 20% was utilized for operations. With the drastic down turn in the market, “earnings” were non-existent thus creating cash flow problems for scholarships and operations. If the Foundation were to continue with this spending formula, the scholarships and operations would be shut down. In a courageous move to improve the existence of the Foundation, the Board of Directors reviewed and passed a new plan, as

recommended by Wells Fargo, for spending criteria to advance the intent of the Foundation.

A new spending plan was researched to bring the Foundation into line with all other such institutions. A percentage of the “fair market value” of the Foundation’s portfolio will be utilized with annual distributions of funds to pay for the intent of the endowment program. The new plan utilizes four and half percent (4 1/2%) allocated for the intent of the endowment and two percent (2%) for operations of the Foundation. Over a three to five year cycle, this new spending plan will enhance the ability to both forecast spending and improve advance budgeting for University departments as well as the Foundation and enhance our financial base. Therefore, in its August board meeting the new spending plan was adopted starting in July of the fiscal year 2008/09.

As the economy lost its value so did the portfolio of the Foundation. A review of the account reveals losses between eight (8) and ten (10) percent of the value of investments. While significant, it does not reflect the higher percentage losses that the stock market as a whole has endured. A review of past down turns in the market reveal that a turn around is forecasted. Our five year cycle indicates a positive percentage of earnings for the Foundation during the period. The very conservative approach that the money manager and the board’s investment committee developed, have been positive for the portfolio. A recovery may be slow and therefore departments have been alerted that a reduction in allocation of scholarship awards may be in-store for the school year 2009/10. On the brighter side, several accomplishments have occurred over the past fifteen months. Besides the change in management of our funds, several programs and initiatives have been completed. With the assistance of WNMU Vice President Linda Kay Jones and the Department of Institutional Advancement, the Foundation has received donated funds to meet the following state match programs:

1. Nursing Faculty Development of \$37,500 matched by the state with \$37,500 for a total of over **\$75,000** for the University programs
2. Blalock Endowed Professorship of \$200,000 matched by the state with \$200,000 for a total of over **\$400,000** for the University programs
3. Scholarship Endowment of \$200,000 matched by the state with \$500,000 for a total of over **\$700,000** for the University programs
4. Expressive Arts Endowment of \$50,000 matched by the state with \$125,000 for a total of over **\$175,000** for the University programs

In addition, several accounts met the \$5,000 endowment status. These scholarship accounts are:

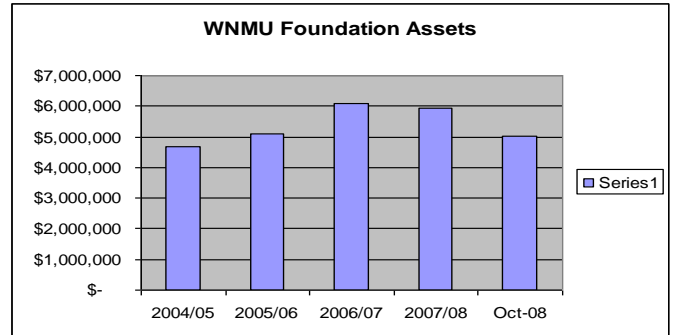
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|---|-----------------------------|---|------------------------------|
| 1 | Paul Lee Hunter Jr. | 6 | Foundation Memorial Football |
| 2 | Herb McGrath | 7 | Montreaux Memorial Music |
| 3 | 24 Club / Betty Cook | 8 | Irene Lowe Nursing |
| 4 | Heiner Book | 9 | M. G. Stephonivich |
| 5 | Eric Scott Kennedy Memorial | | |

With the addition of these new endowments, the Foundation now administers ninety-six (96) endowed accounts.

The Foundation's assets grew at the end of fiscal year '08. However the economic conditions we now face have reduced our assets significantly. The chart below indicates that total assets have grown from fiscal year '05 to '08 by over \$1.2 million due to increased donations and programs developed by the University but have lost ground as of October 2008.

We take our task very seriously of providing financial assistance to students at WNMU who are attempting to achieve their higher education goals. With over 80% of the students on some type of financial assistance,

the Foundation will continue to support those students who qualify under the endowment agreements presently in place. Awards may be suspended until we have financial growth within our total assets. This growth may take six to nine months as the nation attempts to recover from this national economic crisis.



Student Awards in 2008

In 2008, endowed funds assisted about 170 students in scholarships and books with about \$95,000 awarded by the Foundation.