



# The Mission of

THE UNIVERSITY OF CONNECTICUT FOUNDATION, INC.

is to solicit, receive, invest and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut. The Foundation operates exclusively to promote the educational, scientific, cultural, research and recreational objectives of the University of Connecticut. As the primary fundraising vehicle to solicit and administer private gifts and grants to enhance the University's mission, the Foundation supports the University's pursuit of excellence in teaching, research, and public service.





## Message from the President & Chairman

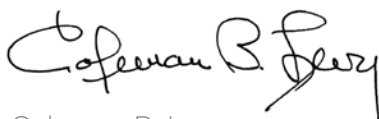
We are immensely grateful to donors for making fiscal 2014 the best in the UConn Foundation’s 50-year history. Thanks to the extraordinary generosity of friends and alumni, the Foundation received new gifts and commitments totaling a record-breaking \$81.1 million.

Our excitement about this remarkable year goes hand in hand with optimism for the future. The Foundation is reaching out to donors in more ways—most notably, through personal interaction as well as more receptions and events—and building a community united by the desire to advance UConn. As greater numbers of alumni, friends, grateful patients, corporations, and foundations connect with the University, our shift toward increased engagement is bearing fruit.

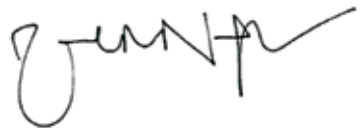
We are also pleased by the Foundation’s progress in aligning with University priorities. The release of UConn’s new 10-year academic plan set the stage for us to design and launch initiatives to help achieve the plan’s ambitious goals. As these initiatives unfold over the next several years, we look forward to sharing what the Foundation is doing to advance key University priorities.

The Foundation’s success springs from the collective vision and generosity of donors at every gift level. Our warmest thanks to all who believe, as we do, that private support will raise UConn to the topmost level of American universities.

Sincerely,



Coleman B. Levy  
Chairman, Board of Directors



Joshua R. Newton  
President and CEO



Coleman B. Levy & Joshua R. Newton

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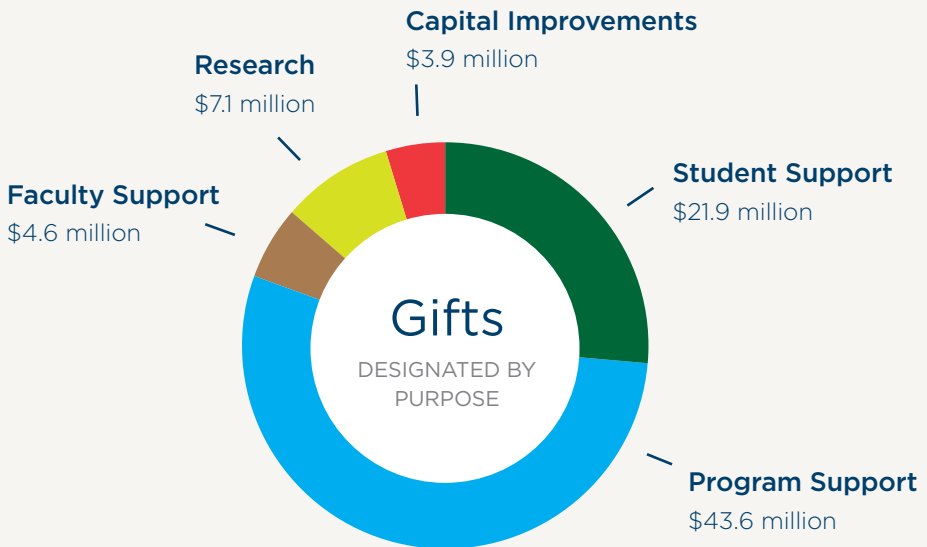
Eric M. Zachs

\* Ex Officio

# Highlights

Donors to the University of Connecticut set a new record for charitable giving in fiscal 2014, making gifts and commitments totaling \$81.1 million, a 28.1 percent increase over the preceding year and **the highest level of giving to the University in the 50-year history of the UConn Foundation.**

**+28%**  
GIFTS AND COMMITMENTS



Of the gifts and commitments made, \$48.8 million was given to support current operations while \$32.3 million was for endowed funds that will last forever.

## The significant increase in philanthropic giving to the University...

comes as UConn looks to the next decade and significantly expanding its educational opportunities, research and innovation in STEM (science, technology, engineering and math) as well as the arts, humanities and social sciences.

It also comes as the Foundation reorganizes its structure to increase its focus on increasing donor engagement, aligning fundraising with University priorities, increasing operational efficiencies and enhancing external relations and communications.

**UConn Health** received significant support in fiscal 2014, with \$17.9 million in donations, an increase of nearly 170 percent over the preceding year. Major gifts included a \$2 million bequest to the School of Dental Medicine, a \$3 million gift for cancer research, and \$6 million for medical research.



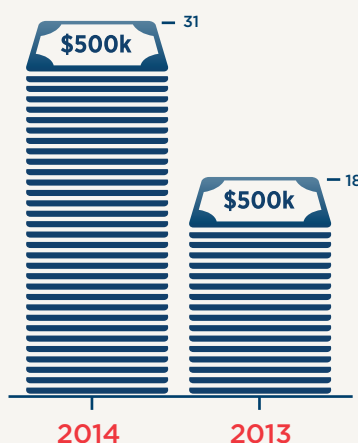
**UConn Basketball Champions Center**



Basketball student-athletes and their coaches began practicing in a new state-of-the-art training facility, thanks to philanthropy. The UConn Basketball Champions Center is the first major construction project on the Storrs campus built entirely with private donations. The roughly 75,000 square foot facility contains practice gyms for the men's and women's basketball programs, along with locker rooms, coaches' offices and areas for academic support, video analysis, sports medicine and strength training.

Fiscal 2014 was marked by a substantial increase in large gifts.

**In fiscal 2014, there were 31 gifts of \$500,000 or more, totaling \$48.6 million, compared to 18 gifts and \$33.6 million in fiscal 2013.**



..... **+24%** .....

The number of gifts to schools and colleges totaled \$39.3 million, an increase of nearly 24 percent over fiscal 2013.

.....

Gifts and commitments for endowed funds totaled **\$32.3 million**, up 23.6 percent over last year. The endowment provides a source of perpetual support for UConn's mission and ensures the excellence of its educational programs for generations of scholars.

**+24%**

GIFTS FOR ENDOWED FUNDS

# Financial Highlights

## The UConn Foundation, Inc.

### STATEMENTS OF FINANCIAL POSITION

*Dollars in Thousands*

|   | 2014              | 2013              |
|---|-------------------|-------------------|
| <b>Assets</b>                           |                   |                   |
| Cash and cash equivalents               | \$ 1,658          | \$ 3,419          |
| Cash restricted for debt service        | 887               | 18,493            |
| Pledges receivable, net                 | 33,541            | 31,533            |
| Other receivables                       | 548               | 584               |
| Investments                             | 413,444           | 369,651           |
| Funds held in trust by others           | 18,339            | 16,698            |
| Endowments held for the University      | 12,176            | 10,518            |
| Cash surrender value of life insurance  | 443               | 372               |
| Property and equipment                  | 7,341             | 6,656             |
| Deferred bond issuance costs            | 536               | 584               |
| <b>Total assets</b>                     | <b>\$ 488,913</b> | <b>\$ 458,508</b> |
| <b>Liabilities and Net Assets</b>       |                   |                   |
| <b>LIABILITIES</b>                      |                   |                   |
| Accounts payable and accrued expenses   | \$ 10,787         | \$ 5,621          |
| Trust and annuities payable             | 3,209             | 3,080             |
| Endowments held for the University      | 12,176            | 10,518            |
| Accrued debt service interest           | 119               | 124               |
| Bonds payable                           | 25,775            | 26,030            |
| <b>Total liabilities</b>                | <b>\$ 52,066</b>  | <b>45,373</b>     |
| <b>NET ASSETS</b>                       |                   |                   |
| Unrestricted                            | \$ 3,342          | \$ (5,781)        |
| Temporarily restricted                  | 101,465           | 102,723           |
| Permanently restricted                  | 332,040           | 316,193           |
| <b>Total net assets</b>                 | <b>\$ 436,847</b> | <b>413,135</b>    |
| <b>Total liabilities and net assets</b> | <b>\$ 488,913</b> | <b>\$ 458,508</b> |

## STATEMENTS OF ACTIVITIES

*Dollars in Thousands*

|  | 2014              | 2013              |
|--|-------------------|-------------------|
| <b>Revenue</b>   |                   |                   |
| <b>Total revenue</b>   | <b>\$ 90,263</b>  | <b>\$ 79,147</b>  |
| <b>Expenses</b>  |                   |                   |
| <b>UNIVERSITY SUPPORT</b>                                      |                   |                   |
| UConn Basketball Champions Center<br>construction              | \$ 20,699         | \$ 5,000          |
| Faculty and staff compensation                                 | 8,948             | 10,606            |
| Student scholarships, fellowships<br>and awards                | 8,846             | 8,375             |
| General program and research support                           | 3,809             | 4,111             |
| Fundraising, events, promotions<br>and donor cultivation       | 2,411             | 2,118             |
| Faculty, staff and student travel,<br>conferences and meetings | 2,117             | 1,984             |
| Equipment  | 2,116             | 1,740             |
| Facilities construction, improvements,<br>and related expense  | 399               | 261               |
| Alumni Association   | 138               | 232               |
| <b>Total University support</b>                                | <b>\$ 49,483</b>  | <b>\$ 34,427</b>  |
| <b>FOUNDATION SUPPORT</b>                                      |                   |                   |
| Development expenses   | \$ 13,166         | \$ 11,499         |
| Fiduciary expenses   | 3,902             | 3,476             |
| <b>Total Foundation support</b>                                | <b>17,068</b>     | <b>14,975</b>     |
| <b>Total expenses</b>  | <b>66,551</b>     | <b>49,402</b>     |
| <b>Change in net assets</b>                                    | <b>23,712</b>     | <b>29,745</b>     |
| <b>Net assets, beginning of year</b>                           | <b>413,135</b>    | <b>383,390</b>    |
| <b>Net assets, end of year</b>                                 | <b>\$ 436,847</b> | <b>\$ 413,135</b> |

# Endowment Management Summary

## NEW GIFTS AND COMMITMENTS

Dollars in Millions



\* As of FY 2014, a Foundation Gift Policy was approved that permits reporting of documented expectancies for all donors. \$5.5 million of prior years' unreported bequest expectancies are included in fundraising totals for FY 14.

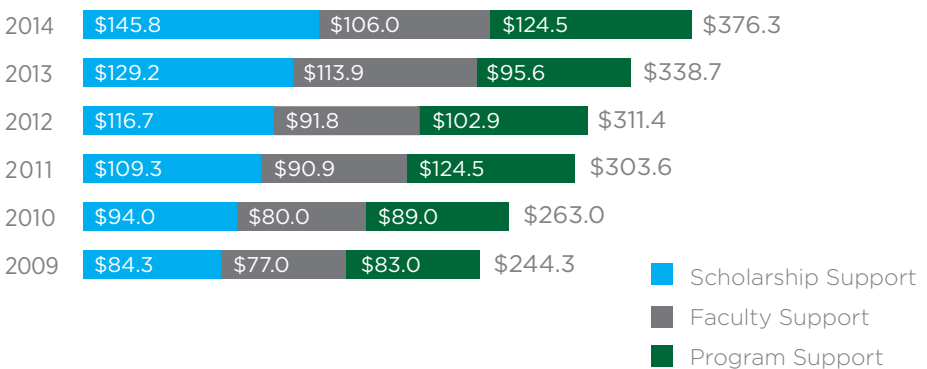
## DOLLARS MADE AVAILABLE TO SUPPORT UNIVERSITY PURPOSES

Dollars in Millions



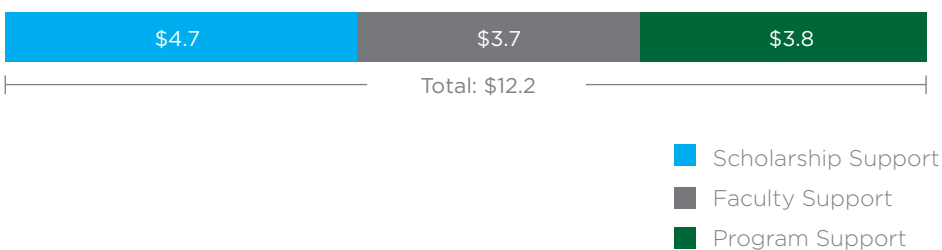
## ENDOWMENT ASSETS BY PURPOSE

Dollars in Millions



## ENDOWMENT SPENDING ALLOCATION

Dollars in Millions





The endowment portfolio for the fiscal year ended June 30, 2014 returned a healthy +12.93 percent. Investment returns were driven primarily by long-only public equities (+19.94 percent) and energy master limited partnerships (+32.35 percent). Global macro investment strategy proved detracting as it returned a -5.76 percent. Private capital returned an attractive +15.02 percent and significantly outperformed investments made by peer institutions, which averaged 3.93 percent. Investment grade bond investments returned an impressive 8.85 percent while their benchmark gained just 4.37 percent. Long/short equities and marketable commodities posted positive returns of +9.72 percent and +7.41 percent, respectively; however, these programs continued to underperform their respective benchmarks.

### Continued Emphasis on Low-Risk Profile

The UConn Foundation continues to maintain a low-risk profile for its endowment portfolio, in line with its stated objectives of growing the endowment to maintain spending while protecting against inflation and minimizing volatility.

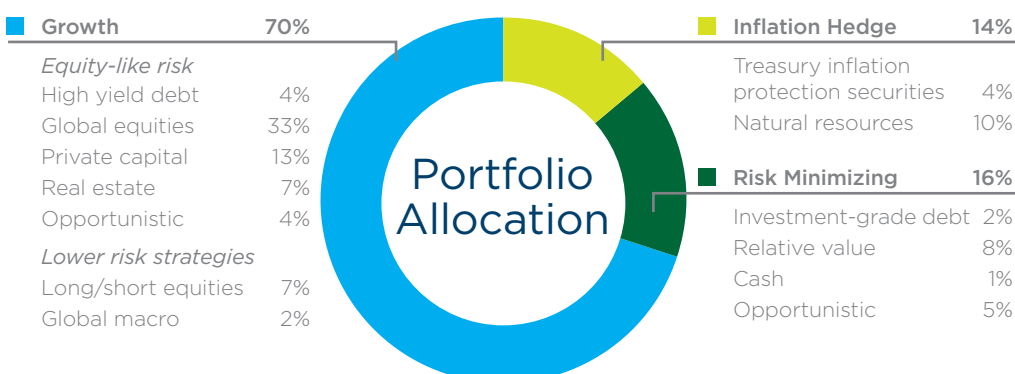
The low-risk profile has meant a lower sensitivity to stock market gyrations and a focus on investments that produce current income in multiple economic environments. By investing in growth assets with diversified risks, the endowment portfolio is able to generate equity-like returns with lower volatility over the long run.

### Market Dynamics

Fiscal 2014 was another year of rising equities and was generally positive for risk assets. While the March quarter exhibited some volatility that began with monetary instability in emerging markets, the quarter ended in positive territory. Categorically, stocks gained 22.93 percent for the fiscal year. Specifically, US equities were the best performing stocks as the S&P 500 gained 24.61 percent. Investment grade bonds were up 4.37 percent and high yield bonds returned 11.79 percent. While there was no shortage of fear over rising rates, the lack of an actual rate hike made longer-term bonds one of the better performing assets of the year.

The Eurozone continued to face economic challenges. Though the Eurozone recovery was frequently mentioned in financial media, it was universally called a nascent recovery. European GDP growth is positive but quite low. Although certain member countries continue to face issues of unemployment and economic stagnation, financial markets perceive the risks of financial contagion to be held in check.

## PORTFOLIO ALLOCATION



Although stock markets continue to make record highs, these returns appear at least somewhat justified by earnings growth as price to earnings ratios are not out of line with historical averages.

### Market Concerns

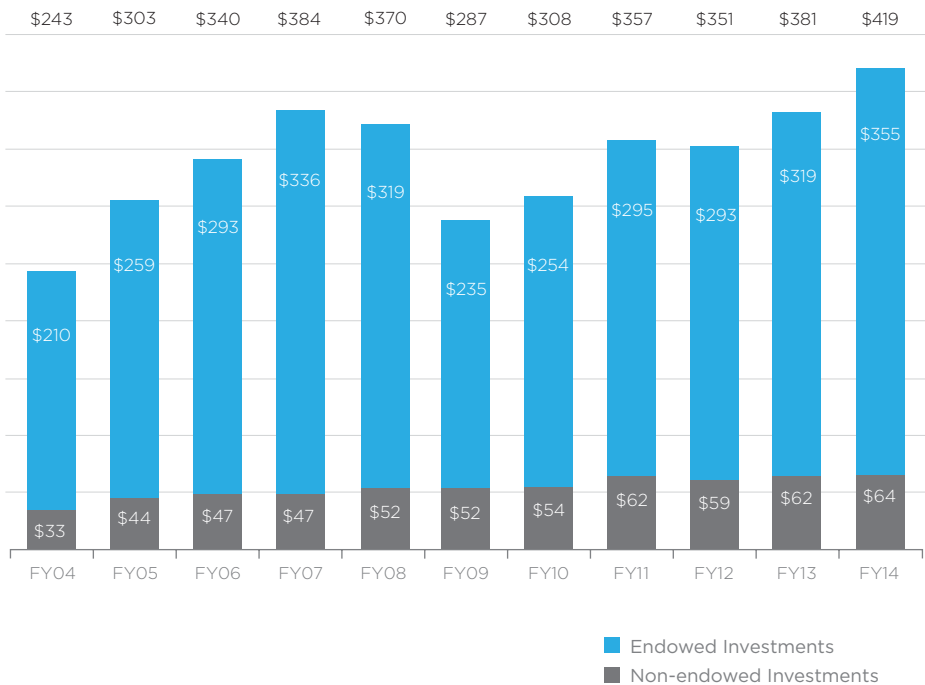
Markets have accepted the deliberate reduction of quantitative easing with less drama than was expected at this time last year. The Federal Reserve’s large-scale asset purchases are scheduled to end in the coming months. However, debate over the impact and timing of a Fed rate hike has kept investors wary and uncertain. Under Janet Yellen’s leadership, the Fed has made an effort to communicate its intentions loudly and clearly; yet, investors recognize that economic variables can force the Fed’s hand.

The long-term pooled endowment portfolio lagged a 70/30 global portfolio for fiscal 2014. The endowment returned 12.93 percent, while a 70/30 global portfolio of stocks and bonds gained 18.16 percent. From a risk perspective, the realized volatility on a 70/30 global portfolio was 6.96 percent, while the Foundation experienced a volatility of just 3.76 percent during fiscal 2014. In recent years, the markets have rewarded riskier portfolios; however, the Foundation continues to believe that a diversified portfolio is the proper way to maximize long-term value of endowed assets.

By targeting more consistent returns, the Foundation is able to maximize its quarterly support to the University. The portfolio has continued to produce average annual performance in excess of spending plus inflation while maintaining a low volatility profile. This has led to the availability of more dependable spending allocations to the University. The Foundation is continually searching for investments with attractive risk adjusted returns and is willing to engage in higher risk investments when the expected return will add long-term value to the Foundation’s stewardship of assets.

### INVESTMENT GROWTH

*Dollars in Millions*





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