







*“Donors to KU Endowment set a new record in contributions—\$106.4 million in outright gifts and pledges.”*





Dear friends,

In choosing the theme for our 2009 annual report, we were inspired by the stunning horizons that are typical of a Kansas skyline.

We also imagined the new horizons made possible by private giving to the University of Kansas: opportunities for students, inspiration for faculty, hope for life-saving research.

In its 118-year history, KU Endowment has seen its share of challenging and rewarding years. The 2009 fiscal year will rate among the most difficult ever from an economic perspective, marking the worst economic downturn since the Great Depression.

Yet, donors to KU Endowment set a new record in contributions—\$106.4 million in outright gifts and pledges. They committed an additional \$9.6 million in deferred gifts, which will benefit the university in the future. This remarkable level of generosity shows the confidence our donors have in KU.

We are convinced that KU will play a major role in the economic recovery of our state, and no form of investment is more important to the university's long-term success than its endowment. It is a legacy for current and future generations.

KU Endowment provided \$105.4 million in support to KU during the fiscal year that ended June 30, 2009. In light of the state's difficult financial outlook, private philanthropy is playing an increasingly critical role in ensuring KU's position as a pre-eminent institution.

Bound together by a common vision and a renewed hope, we will continue working with our alumni, parents, faculty and friends to build a greater university.

Best regards,

A handwritten signature in blue ink, reading 'Kurt Watson'.

**Kurt Watson**  
Chairman of the Board

A handwritten signature in blue ink, reading 'Dale Seufferling'.

**Dale Seufferling**  
President

*“In this difficult budget environment, our donors’ generosity is inspiring. It speaks volumes about their determination for KU to maintain its place as a world-class university.”*

**–Chancellor Bernadette Gray-Little**

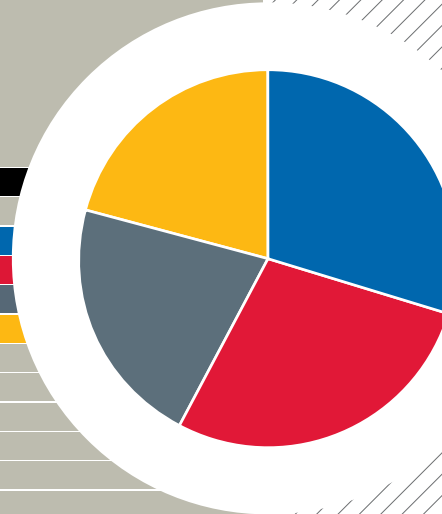




## SUPPORT FOR THE UNIVERSITY

In FY09, KU Endowment's support for KU totaled \$105.4 million. Support for most purposes actually rose. The only drop was in facilities support, which is impacted by the timing of large construction projects. Since our founding in 1891, we have provided \$1.6 billion in support to the university.

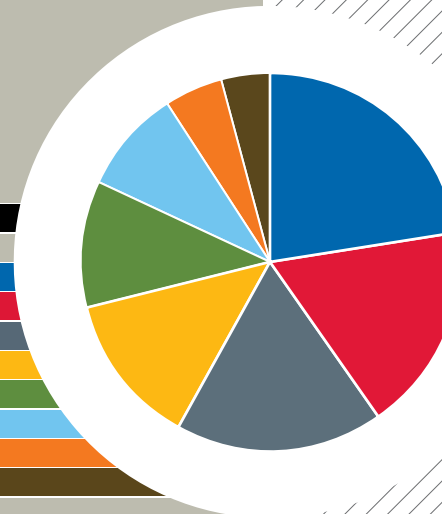
FY09 > Total university support	millions	% change from previous year
Program and educational support	\$ 31.6	+32%
Student support (excluding loans)	\$ 29.4	+6%
Faculty support	\$ 22.7	+16%
Facilities support	\$ 21.7	-47%
<b>Total</b>	<b>\$ 105.4</b>	<b>-6%</b>



## PRIVATE SUPPORT MAKES ALL THE DIFFERENCE FOR KU

Private giving through KU Endowment has never been more crucial to the continued success of the university. It supplies a significant segment of KU's annual revenue. State support, as a percentage of revenue, has fallen over the past 20 years as the state addresses other demands. (The university provides information about its sources of revenue and does not include student loans. The most recent available figures are from FY08.)

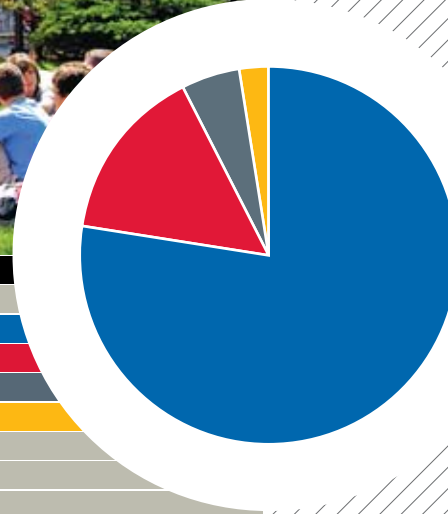
FY08 > University revenue sources	millions	% of KU revenue	% change from previous year
<b>STATE APPROPRIATIONS</b>	<b>\$ 273.0</b>	<b>22.6%</b>	<b>+3.3%</b>
Grants and contracts	\$ 214.9	17.8%	+3.8%
Tuition and fees (net of scholarship allowances)	\$ 214.4	17.8%	+9.3%
Auxiliary enterprises	\$ 158.4	13.1%	+24.5%
Medical service revenues (net)	\$ 130.9	10.8%	+13.0%
<b>KU ENDOWMENT SUPPORT</b>	<b>\$ 108.7</b>	<b>9.0%</b>	<b>+22.1%</b>
Other revenue	\$ 58.5	4.8%	+1.2%
Sales and services by educational departments	\$ 49.0	4.1%	+4.3%
<b>Total revenues</b>	<b>\$1,207.8*</b>	<b>100%</b>	<b>+9.3%</b>



## SUPPORT FOR STUDENTS



FY09 > Student support	millions
Scholarships	\$ 26.8
Loans	\$ 5.2
Fellowships	\$ 1.7
Awards and prizes	\$ .8
<b>Total</b>	<b>\$ 34.5</b>



Thousands of KU students can reach for their horizons only because they receive scholarship support. In FY09, the university provided about 8,500 scholarships to more than 6,500 students (some students receive multiple scholarships). The total provided was nearly \$27 million. Fellowships, student awards, prizes and loans brought our total support for students to \$34.5 million, an increase of 7 percent over the previous year.

Private gifts during the year created 88 new endowed scholarship funds and 12 new award and prize funds.

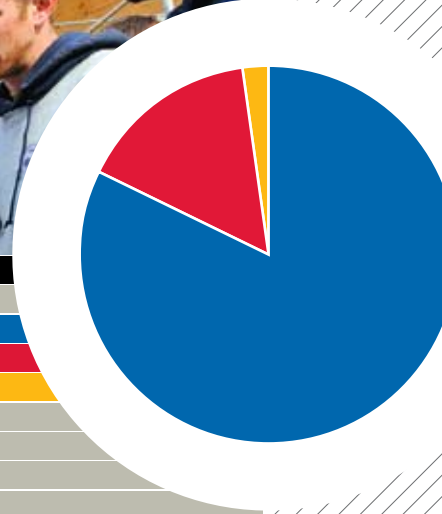
Private contributions to KU Endowment provide virtually all scholarships, fellowships and student awards at KU. In both dollar amount and number of students supported, KU Endowment is the largest source of funding that students don't need to repay.



## FUNDING FOR FACULTY



FY09 > Support for faculty members	millions
Salaries for distinguished and teaching professors	\$ 18.7
Professional and contracted services	\$ 3.5
Faculty awards	\$ .5
<b>Total</b>	<b>\$ 22.7</b>



KU's status as an outstanding public research university and a first-rate teaching institution rests mainly on the shoulders of the faculty, now more than 2,300 strong. Their visionary research pushes back the horizons of our knowledge; their inspired teaching reveals those horizons to students.

In FY09, KU Endowment provided \$22.7 million in direct support to faculty, a 6 percent increase over the previous year. According to the KU Budget Summary, we supplied more than 86 percent of total funding for KU's cadre of distinguished professors, including 145 professors who hold named, endowed positions. In addition to salaries, private gifts support awards, professional travel and continuing education.

In FY09, donors gave more than \$5.1 million to create three new professorships, two at the KU Medical Center and one in Lawrence. Many endowed professorships qualify for additional salary enhancement from the Kansas Partnership for Faculty of Distinction Program. Since the state established this program in 2000, donors have enabled the university to receive more than \$8.2 million in supplemental state support for KU faculty. In FY09, the program provided \$1.4 million, supporting 29 positions in Lawrence and 30 at the KU Medical Center.





## SUPPORT FOR RESEARCH

KU researchers in every branch of learning advance the horizons of our knowledge. In recent years, the university's push for designation as a Comprehensive Cancer Center has aimed a spotlight on biomedical research. At the same time, KU researchers have undertaken fascinating inquiries across the full range of disciplines, including science, engineering, humanities and social sciences.

Private support provides a margin of excellence, advancing projects that otherwise might not receive funding. In FY09, donors enabled KU Endowment to provide \$7.0 million to bolster research.

Donors also support research through funding in other areas, such as professorships, graduate fellowships, academic programs, facilities and equipment.

## SUPPORT FROM THE GREATER KU FUND

Gifts to the Greater KU Fund are not restricted as to their use; they account for about 5 percent of all gifts. They enable the university to expand its horizons by taking advantage of unexpected opportunities and meeting unforeseen needs. In FY09, donors enabled us to provide \$7.7 million in flexible funding (excluding loans). Spending from these funds fluctuates from year to year depending on the university's priorities. The chancellor determines which projects receive support from this fund.



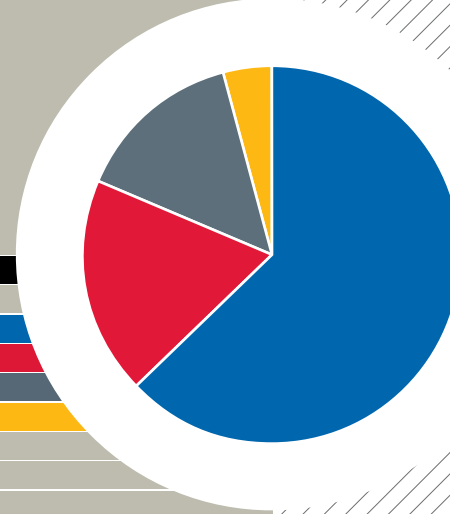


## PROGRAM AND EDUCATIONAL SUPPORT

KU Endowment provides broad support for education, strengthening academic programs across the university. Private gifts bring renowned scholars, performing artists and lecturers who further elevate the educational environment. Private giving also enriches lives throughout the region by funding outreach programs, and it expands the holdings of KU's libraries and museums.

In FY09, donors enabled KU Endowment to provide \$31.6 million in support for educational and programmatic initiatives, a 32 percent increase over the previous year.

FY09 > Program and educational support	millions
Program grants to KU	\$ 19.9
University travel & official hospitality	\$ 5.9
Other	\$ 4.5
Books, works of art	\$ 1.3
<b>Total</b>	<b>\$ 31.6</b>

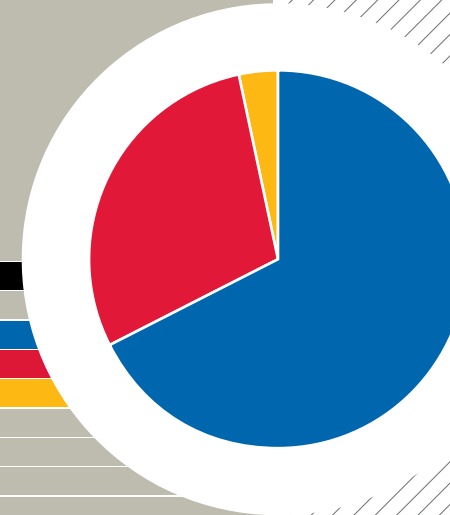


## FUNDING FOR FACILITIES

Funding for university facilities was the sole area in which KU Endowment support for KU declined from the previous year. These expenditures are determined by the timing of construction projects.

Over the past decade, Endowment support for construction, furnishings, equipment and supplies totaled \$264.6 million. Private giving through KU Endowment has provided about two-thirds of all campus buildings and 85 percent of the total land available for campus expansion.

FY09 > Funding for facilities	millions
Construction	\$ 14.7
Equipment and supplies	\$ 6.3
Furnishings	\$ .7
<b>Total</b>	<b>\$ 21.7</b>



# *Two new* **GIVING RECORDS**

Even in shaky economic times, the faith of donors to KU Endowment appears to be unshakable. During FY09, a record number of donors — 45,186 — gave a record total \$106.4 million. That amount represents a 13 percent increase over last year, itself a record year at \$94 million.

The increase in contributions was primarily attributable to giving in support of initiatives in life sciences research and in cancer treatment and prevention.



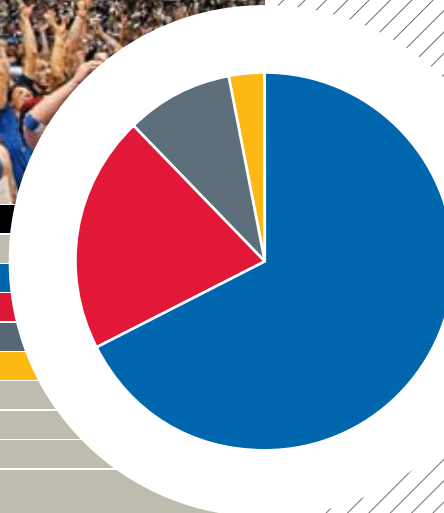
Lisa Friis, associate professor of mechanical engineering, and bioengineering graduate student John Domann



## AN ALL-TIME FUNDRAISING RECORD



Gift revenue	millions
Contributions received	\$ 72.0
Contributions pledged	\$ 21.5
Realized bequests	\$ 9.8
Life income gifts	\$ 3.1
<b>Total</b>	<b>\$ 106.4</b>



In addition, we recorded \$9.6 million in planned gift expectancies during the year. These gifts will benefit the university in the future.

## OUTRIGHT GIFTS AND PLEDGES (in millions)

2009	\$ 106.4
2008	\$ 94.0
2004	\$ 83.0
1999	\$ 53.2

## TOTAL DONORS

Donors hailed from all 50 states, the District of Columbia, Guam, the Virgin Islands, Puerto Rico and 25 foreign countries. Kansans made up 60 percent of donors.

2009	45,186
2008	45,014
2004	40,333
1999	42,717

# Statement of **FINANCIAL POSITION**

	thousands	thousands
	June 30, 2009	June 30, 2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ (83)	\$ 339
Receivables > Loans, pledges, other.	\$ 83,571	\$ 60,503
Investments > Securities, trusts held by others, interest in KUECGF*, real estate.	\$ 1,027,503	\$ 1,302,787
Property on or adjacent to university campus > Land, buildings, equipment & furnishings, less accumulated depreciation.	\$ 14,910	\$ 14,835
Deposits and other assets	\$ 9,532	\$ 9,582
Collateral held for securities lending	\$ 62,678	\$ 132,452
<b>TOTAL ASSETS</b>	<b>\$ 1,198,111</b>	<b>\$ 1,520,498</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities > Accounts payable, accrued expenses, securities lending obligation, life income gift payables, agency funds.	\$ 155,657	\$ 238,010
<b>TOTAL NET ASSETS</b>	<b>\$ 1,042,454</b>	<b>\$ 1,282,488</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,198,111</b>	<b>\$ 1,520,498</b>
*The KU Endowment Charitable Gift Fund is a separate 501(c)3 entity that administers gifts divided between KU Endowment and other charitable beneficiaries.		

The Statement of Financial Position and Statement of Activities are excerpted from The Kansas University Endowment Association's 2009 financial statements. The full statements, which have been audited by Ernst & Young, LLP, are posted at [www.kuendowment.org/auditreport](http://www.kuendowment.org/auditreport).



## Statement of **ACTIVITIES**

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Note: Expenditures from agency funds, which are owned by the university but managed by KU Endowment, provided additional university support of \$9.6 million in FY09 and \$8.5 million in FY08.

# ASSETS *and* INVESTMENTS

ASSETS			
<p>Marketable securities compose 82.6 percent of KU Endowment's total assets; the balance is made up primarily of real estate owned by KU Endowment, loans to KU students and faculty, and outstanding pledges.</p>			
<b>VALUE OF TOTAL ASSETS</b>		billions	
<p>Book value of assets, plus unrealized gain or loss on marketable securities, according to audited financial statements. Does not include unrealized appreciation of real estate and other special holdings.* This value stood at \$1.2 billion at the close of FY09, a 21 percent decrease from 2008.</p>		2009	\$ 1.20
		2008	\$ 1.52
		2007	\$ 1.57
<b>MARKET VALUE OF TOTAL ASSETS</b>		billions	
<p>Includes unrealized appreciation of real estate and other special holdings.* This value stood at \$1.36 billion at the close of FY09, a 19 percent decrease from 2008.</p>		2009	\$ 1.36
		2008	\$ 1.68
		2007	\$ 1.71
<b>MARKET VALUE OF ENDOWED FUNDS</b>		billions	
<p>Reported in accordance with the Standards of the National Association of College and University Business Officers. This value stood at \$.96 billion at the close of FY09, a 21.3 percent decrease from 2008.</p>		2009	\$.96
		2008	\$ 1.22
		2007	\$ 1.24
<p>*Unrealized appreciation of real estate and other special holdings is not audited and is not recorded on the Statement of Financial Position.</p>			
INVESTMENT VALUES	millions	INCOME FROM ASSET HOLDINGS	millions
Securities	\$ 989.3	Investments	\$ (231.7)
Trusts held by others	\$ 27.8	Loans	\$ 1.8
Real estate	\$ 10.0	Real estate	\$ 2.8
Other	\$ .4	Other	\$ .1
<b>Total</b>	<b>\$ 1,027.5</b>	<b>Total</b>	<b>\$ (227.0)</b>



## INVESTING FOR THE LONG TERM

KU Endowment invests endowed funds and other long-term funds collectively in our Long-term Investment Program, which includes more than 2,700 individual funds. The value of these funds makes up 68 percent of KU Endowment's total assets.

Due to the severe global economic downturn, in FY09, the return on long-term investments declined 22 percent. The diversification of the investment program moderated our loss, which could have been considerably worse. Over the same time period, U.S. markets fell by more than 26 percent<sup>1</sup>, and international markets lost more than 31 percent.<sup>2</sup> We are confident that our investment practices have positioned us well for the inevitable recovery.

KU Endowment has engaged an independent service provider since June 1988 to compare growth of long-term investments with a benchmark (spending plus inflation). Over most periods, the total return of long-term funds has exceeded the benchmark. This has enabled KU Endowment to provide a consistent level of support to the university.

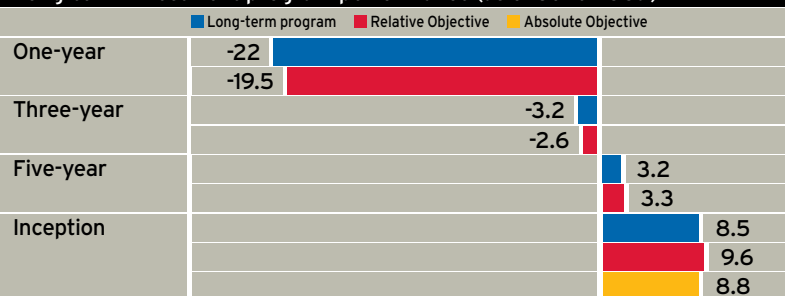
<sup>1</sup>Standard & Poor's 500 Index; <sup>2</sup> Morgan Stanley Capital International/Europe, Australia and Far East Index

## PERFORMANCE OBJECTIVES

Over the long term, the absolute objective is to achieve a total return that meets or exceeds the rate of inflation, measured by the Consumer Price Index, plus the Long-term Investment Program's total spending rate. The relative objective is to achieve a total return that meets or exceeds a combined benchmark of appropriate capital market indices, weighted according to the portfolio's target asset allocation. This chart shows the total return for the portfolio since the inception of performance measurement in June 1988.

Past performance is not necessarily indicative of future performance. Performance is net of external investment-related expenses (e.g., managers, custodians and consultants).

### Long-term investment program performance (as of June 2009)

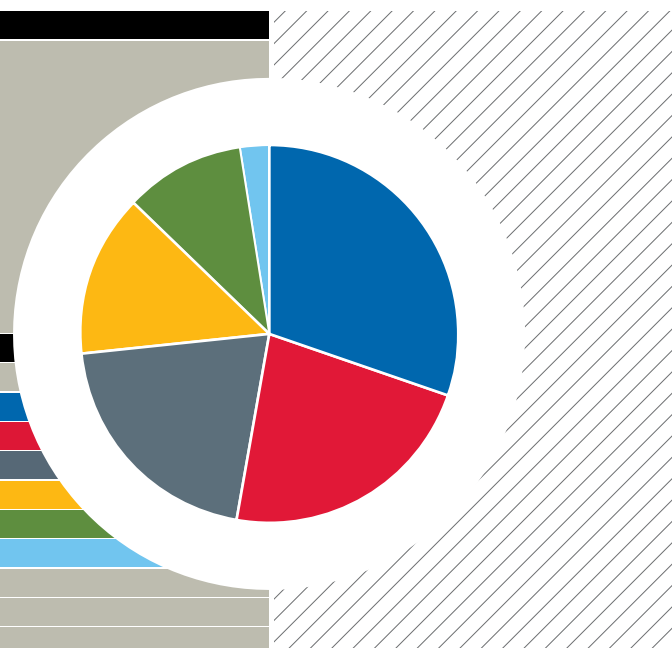


## ASSET ALLOCATIONS

The Long-term Investment Program is designed to maximize returns and minimize volatility. It is diversified both by asset class and within asset classes.

Seeking increased diversification and enhanced returns, the KU Endowment Investment Committee has gradually increased allocations to international equities, inflation protection and alternative investments. Alternatives include investment strategies intended to produce consistent returns with less volatility than the overall market.

Asset classes (as of June 2009)	millions	
International equity	\$ 247.7	30.5%
Domestic equity	\$ 181.5	22.3%
Fixed income	\$ 166.9	20.6%
Inflation protection	\$ 113.3	14.0%
Alternatives	\$ 84.7	10.4%
Cash equivalents	\$ 18.2	2.2%
<b>Total market value</b>	<b>\$ 812.3</b>	<b>100.0%</b>



# Ways to SUPPORT KU

**Always remember that KU Endowment applies 100 percent of your gift to your intended purpose at the University of Kansas.**

Make a gift securely online using your debit or credit card.  
Visit [kuendowment.org/givenow](https://kuendowment.org/givenow).

*Gifts of stock* By donating appreciated securities or mutual fund shares, you can provide a lasting contribution while receiving tax benefits, such as capital gains tax savings.

*Real estate* Your gift provides a convenient way for you to enjoy a charitable deduction based on the current fair market value of your property, and it can reduce the size and complexity of your estate.

*Give by mail* Gifts made by check should be payable to KU Endowment and mailed to: KU Endowment, P.O. Box 928, Lawrence, KS 66044-0928.

*Estate planning* To remember KU in your will or trust, be sure to name The Kansas University Endowment Association (our legal name) as beneficiary. Our federal tax i.d. number is 48-0547734.

If you already have named KU Endowment in your estate plan, please contact us so we can welcome you to the Elizabeth M. Watkins Society.

We also offer life-income gifts that provide income and immediate tax benefits. Call our director of gift planning at 800-444-4201 during business hours, or visit [kuendowment.org/giftplanning](https://kuendowment.org/giftplanning).





# *Our* MISSION *and* CORE VALUES

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It is the mission of KU Endowment to solicit, receive and administer gifts and bequests for the support and advancement of the University of Kansas.

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## Our core values:

*Passion for KU* The generosity of alumni and friends influences the very fabric of KU, helping the university advance the frontiers of knowledge. We are dedicated to serving the university and helping it achieve its aspirations.

*Partnership with donors* Our donors empower us to accomplish our mission. We pledge to faithfully administer their gifts, adhere to their philanthropic intentions and respect their requests for privacy.

*Perpetual support* The long-term vitality of KU represents our ultimate, unwavering goal. We strive to wisely invest funds and steward property, with the goal of achieving the greatest possible assurance of long-term financial support for the university.

*People-centered approach* Our team of employees, trustees and volunteers guides our present and shapes our future. We seek to attract and develop the best talent, value each individual's unique contributions and celebrate diversity as a strength.





# *New* HORIZONS

Economic conditions and the arrival of a new chancellor have prompted us to examine every aspect of our operations. Above all, we want to ensure that donors' investments in KU are preserved and used as effectively as possible. This annual report itself reflects some decisions prompted by that examination.

This report is printed on a paper that should maintain high quality at less expense, and it contains a reduced number of pages. Perhaps most significantly, rather than printing a separate Chancellors Club Roll of Honor, we have included in this report a listing of the Mount Oread, Outlook and Hill societies (pages 14-21). These changes have reduced our environmental impact as well, an increasingly important concern.

**Rosita Elizalde-McCoy, Senior VP for Communications & Marketing**

**Editor** > Charles Higginson

**Art Director** > Chris Millspaugh

**Design** > Bryan Lisbona Design, Kansas City, Kansas

**Research & Writing** > Charles Higginson

**Photography** > Steve Puppe, Brian Goodman,  
Lisa Scheller, University Relations

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and is certified by the Forest Stewardship Council.

[www.kuendowment.org](http://www.kuendowment.org)

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P.O. Box 928  
Lawrence, KS 66044-0928

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