

2011 Financial Performance

The University of Connecticut Foundation, Inc. raised more than \$50 million in philanthropic support during fiscal 2011 as part of Our University. Our Moment. The Campaign for UConn. The \$600 million campaign benefits UConn faculty, students and academic programs.

The results come at a time of renewed emphasis on private philanthropy and endowment growth at UConn. Gifts to endowment were \$20.2 million, exceeding the annual goal and representing the second highest amount raised for this purpose since 2001.

The UConn Foundation's endowment net assets now equal \$303.5 million, up \$40.5 million, or 15 percent, over 2010. The Foundation manages both its own and University endowment assets. Total endowment assets managed by the Foundation now stand at \$314.1 million, which is a \$51.1 million, or 19 percent, increase over 2010.

Total Foundation assets equal \$396 million, an increase of \$48 million from 2010.

The financial year-end results signal a continuation of growing private support from alumni, friends, corporations and private foundations. In light of declining state funding and budget cuts due to the challenging economic conditions facing the state and the nation, such support is seen as increasingly vital for the University to maintain the quality of its educational, research and public service programs.

The total amount of new gifts and commitments raised was \$50.6 million (including \$10.5 million in bequests and revocable planned gifts). This represents an increase of 11 percent over 2010, and is the highest total since 2008, reversing a two-year decline attributable to the economic recession. Of these funds, \$9.8 million was raised for the UConn Health Center and \$10.1 million was raised for the Division of Athletics. The \$50.6 million total raised for the UConn Health Center, the Division of Athletics and all other areas of the University was designated for the following purposes:

- \$5.7 million for faculty support;
- \$9.7 million for scholarships;
- \$30.1 million for academic programs; and
- \$5.1 million for capital improvements.

The number of donor households totaled 28,931, with UConn alumni accounting for nearly 46 percent of the gifts raised. Alumni donated \$23.2 million, parents donated \$1.3 million, other individuals donated \$8.6 million, and corporations, foundations and other organizations gave \$17.5 million. Fifty-three new endowments were established, increasing the total number of endowed funds to 1,406.

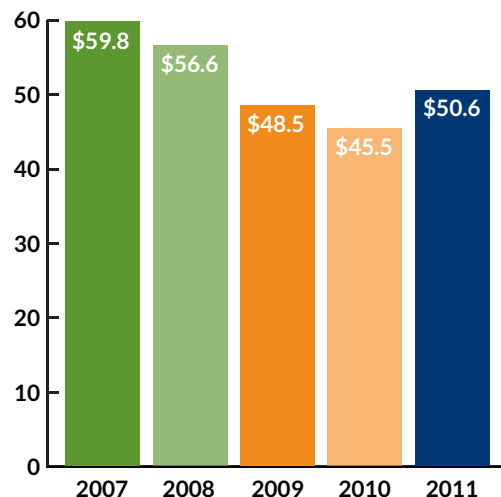
The Office of Annual Giving reported a record \$8.6 million—an 8 percent increase over last year—from more than 24,630 donors to current operating funds.

During fiscal year 2011, the University requested \$26.4 million, spent on scholarships, fellowships and awards (\$11.6 million); faculty and staff (\$8.3 million); programs and research (\$4.2 million); and facilities and equipment (\$2.3 million).

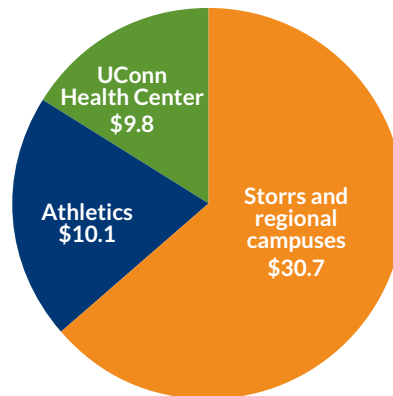
The pooled investment portfolio gained 15.5 percent for the fiscal year driven by global equities (+31 percent), private capital (+21 percent), and real estate (+21 percent). All strategies posted gains for the year: those focused on endowment growth earning 20 percent; investments guarding against inflation were up 6 percent; and those with the objective of reducing volatility gained 4 percent. Global equity markets accelerated more than 24 percent in the first half of the fiscal year and added slightly in the second half as markets started to turn with unrest in the Middle East and North Africa, the Japan earthquake and sovereign debt crises in the U.S. and Europe.

On the back of the global equity run, the policy fund benchmark outperformed the portfolio return. However, when accounting for risk taken, the endowment portfolio was much more effective posting return per the amount of risk taken of 3.6, compared to 2.2 for the benchmark. The Foundation's management of endowment has been focused on maximizing risk adjusted return and protecting the endowment from significant loss. In periods exhibiting sharp upward stock market movements, as was the case in the first half of the fiscal year, the Foundation performance will lag the benchmark. It would be expected the opposite to be true as well: In the summer months of 2011, when equity markets were down in excess of 10 percent, the portfolio was down approximately 3 percent.

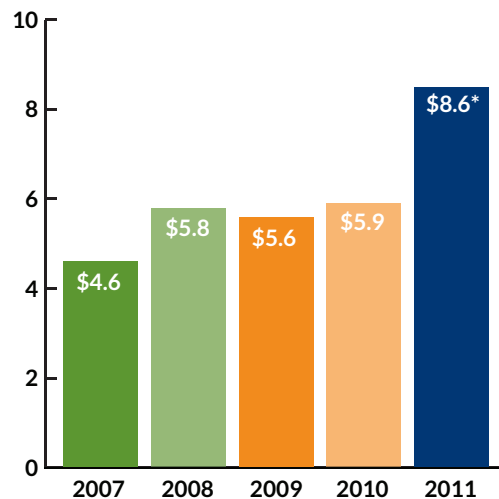
New Gifts and Commitments (Dollars in millions)



Distribution of New Gifts and Commitments (Dollars in millions)



Annual Fund Giving (Dollars in millions)



* In FY2010, annual giving counting procedures were changed to reflect industry standards.

Consolidated Statements of Financial Position

As of June 30, 2011 and June 30, 2010

(Dollars in thousands)

(Audited) (Audited)

| | 2011 | 2010 |
|---|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 802 | \$ 1,520 |
| Cash restricted for debt service | 1,233 | 1,312 |
| Pledges receivable, net | 23,654 | 23,221 |
| Other receivables | 327 | 313 |
| Investments | 353,648 | 306,714 |
| Funds held in trust by others | 10,648 | 9,744 |
| Cash surrender value of life insurance | 267 | 207 |
| Property and equipment for operations, net | 5,355 | 4,811 |
| Deferred bond issuance costs | 380 | 402 |
| Total assets | \$ 396,314 | \$ 348,244 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 8,321 | \$ 3,519 |
| Trusts and annuities payable | 3,249 | 2,939 |
| Accrued debt service interest | 132 | 136 |
| Bonds payable | 6,505 | 6,735 |
| Total liabilities | \$ 18,207 | \$ 13,329 |
| Net Assets | | |
| Unrestricted provision for underwater endowment | (13,697) | (27,430) |
| Unrestricted other | 12,872 | 12,961 |
| Temporarily restricted | 91,401 | 79,812 |
| Permanently restricted | 287,531 | 269,572 |
| Total net assets | \$ 378,107 | \$ 334,915 |
| Total liabilities and net assets | \$ 396,314 | \$ 348,244 |

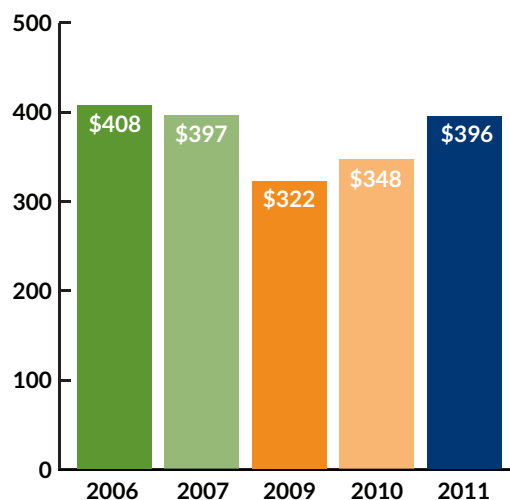
Dollars Made Available to Support University Purposes

(Dollars in millions)



Total Assets

(Dollars in millions)



Consolidated Statements of Activities

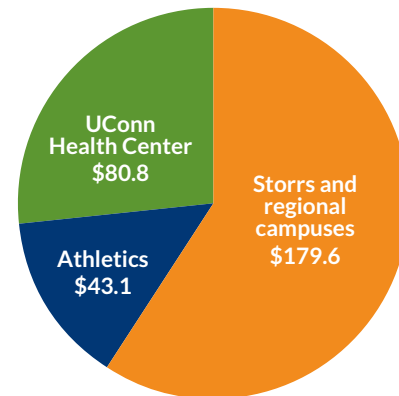
For the year ended June 30, 2011, with comparative totals for 2010
(Dollars in thousands)

| | 2011 | 2010 |
|--|------------------|------------------|
| Revenues, gains and other support | | |
| Contributions | \$ 32,102 | \$ 28,651 |
| Net total investment return | 41,905 | 25,359 |
| Contractual payments from Uconn | 8,472 | 9,138 |
| Additional University support for IT fundraising system | - | 2,500 |
| Memberships and other income | 697 | 641 |
| Total revenues, gains and other support | \$ 83,176 | \$ 66,289 |

Expenses

| | | |
|--|-------------------|-------------------|
| University support | | |
| Student scholarships, fellowships and awards | \$ 11,620 | \$ 7,913 |
| Faculty and staff compensation | 6,472 | 7,043 |
| Fundraising, events, promotions and donor cultivation | 2,123 | 1,732 |
| General program and research support | 1,930 | 1,896 |
| Faculty, staff and student travel, conferences and meetings | 1,795 | 1,709 |
| Equipment | 1,565 | 1,916 |
| Facilities construction, improvements and related expenses | 673 | 687 |
| Alumni Association | 204 | 209 |
| Total University support | \$ 26,382 | \$ 23,105 |
| Foundation support | | |
| Development expenses | 10,776 | 10,933 |
| Fiduciary expenses | 2,826 | 2,733 |
| Total Foundation support | \$ 13,602 | \$ 13,666 |
| Total expenses | \$ 39,984 | \$ 36,771 |
| Change in net assets | 43,192 | 29,518 |
| Net assets, beginning of period | 334,915 | 305,397 |
| Net assets, end of period | \$ 378,107 | \$ 334,915 |

Endowment Distribution (Dollars in millions)



Endowment Assets by Purpose (Dollars in millions)

