



**2008 Annual Report**



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# James Madison University Foundation

1320 South Main Street, MSC 8501

## Board of Directors 2007-2008

### Chairman

James M. Keeton Jr.  
Doctor of Dentistry, Midlothian, Va.

### Vice Chairman

\*Winston O. Weaver Jr. ('71)  
President, Rockingham Construction Co. Inc., Harrisonburg, Va.

### President

James B. Richardson Jr. (Ex Officio)  
Harrisonburg, Va.

### Secretary

Dean Ehlers  
Retired Athletics Director, JMU, Harrisonburg, Va.

### Executive Vice President and Chief Financial Officer

Thomas H. Schaeffer (Ex Officio)  
Harrisonburg, Va.

### Directors

Joanne B. Carr, Ph.D. (Ex officio)  
Senior Vice President,  
University Advancement  
James Madison University  
\*Warren Coleman ('79, '81M) (Ex officio)  
President, JMU Duke Club  
Richmond, Va.  
Wilson B. Dodson III  
Attorney, Norfolk, Va.  
Joseph K. Funkhouser II  
President, Funkhouser and Associates Inc.  
Harrisonburg, Va.  
A. Wesley Graves VI  
Managing Director and Branch Officer  
Wachovia Securities, Harrisonburg, Va.  
\*Lynn Z. Lang, Ed. D. ('64)  
Retired Special Education Coordinator,  
Arlington Public Schools  
Queenstown, Md.

\*Warren K. Marshall Sr. ('87)  
Owner, Shades Properties, Raleigh, N.C.  
\*Christine M. Shelton ('70, '78M)  
Professor Exercise and Sports Studies  
Smith College, Northampton, Mass.  
William H. Sparrow  
Retired Vice President and Treasurer  
CSX Corp., Midlothian, Va.  
Giles R. Stone  
Owner, Stone Enterprises LLC  
Harrisonburg, Va.

\* Alumna/Alumnus



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## Greetings Alumni and Friends of JMU,

**In the midst of what** many are calling the greatest economic and financial crisis since the 1930s we have chosen to pare our annual report accordingly and for the first time offer it to you on line.

After a 18.41 percent return on our portfolio in the fiscal year 2006–07, we experienced a loss of 12.34 percent in the 2007–08 year. The market has continued to be unkind to our portfolio so far this year, and the outlook for a quick turnaround is not predicted by many. In spite of this, our endowment payout will be fully funded for this fiscal year.



The stock market decline and a concomitant overall economic downturn has prompted Governor Kaine to call for budget cuts at all state universities. In the view of many, these cuts are likely to become deeper after the upcoming budget review in December. What overall effect this will have on JMU's operating budget remains to be seen.

All the news is not bad, however. Your commitment to the university remains extremely strong. Donations for the past fiscal year were \$15.2 million as the first capital campaign in the history of JMU came to a close. The campaign goal of \$50 million was exceeded and included the largest gift in the history of the university, a \$5 million donation by Bruce and Lois Forbes ('64).

Our investment committee continues to work very closely with our investment manager, Northern Trust Company of Connecticut, further diversifying our portfolio to prepare for a market rebound that will eventually come. Meanwhile, we must use what we have wisely and look for ways to fund our essential purposes.

While there is still uncertainty ahead as the economy struggles to regain its footing, recovery will come. Paul Samuelson accurately summed up today's conditions when he said, "Economics has never been a science – and it is even less now than a few years ago." I believe we all realize that now.

We deeply appreciate your continued support of your university. In these tough times, we need your ongoing loyalty and benevolence. These times will pass, and hopefully we will be the better for having experienced them.

Thank you for all you continue to do for JMU!

A handwritten signature in black ink, appearing to read "James B. Richardson Jr.", written in a cursive style.

James B. Richardson Jr.  
President, James Madison University Foundation Inc.

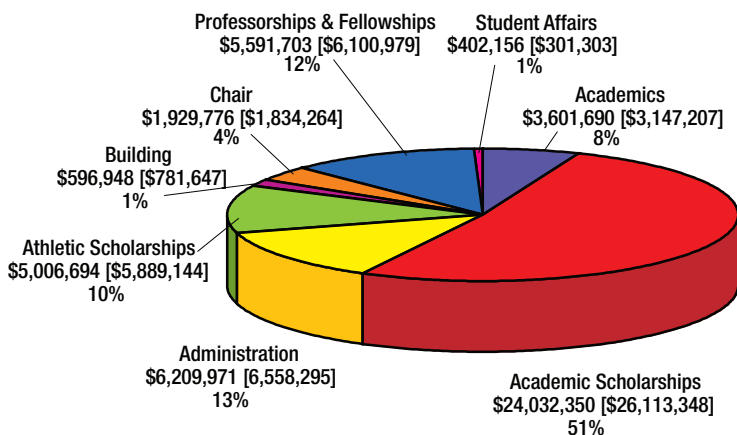


## The Chief Financial Officer's Report

**Fiscal Year 2008** was an exciting year of celebrating the university's 100th birthday. The year also marked the conclusion of the Madison Century capital campaign in which gift commitments exceeded the \$50 million goal.

Contributions recorded by the JMU Foundation in fiscal year 2008 reached an all-time high of \$15.2 million. Of this amount, donors restricted \$8.6 million for construction projects, \$2.1 million for scholarships, \$1.9 million for academic programs, \$1.2 million for athletics programs and \$516,000 for faculty support. Donors specified \$3 million toward endowments and \$11 million for programs, while the remaining was specified for unrestricted purposes. Forty-two new endowment accounts were established, bringing the total to 598.

Expenditures for scholarship awards increased \$100,000 to a new high of \$1.7 million. Faculty support and equipment acquisitions helped to increase instructional expenditures to \$817,000. Support to international programs and acquiring a statue of James Madison raised institutional expenditures by \$175,000. Overall, support to the educational mission of JMU totaled \$7.5 million, which is very close to the annual support of the last two years. Construction grants in 2008 were approximately \$1 million lower than 2007 as reported on the Resource Utilization table for Plant Operation set forth in this annual report. Construction grants for the Performing Art Center will begin in 2009 and extend over the next two or three years.



### True and Quasi-Endowments \$47,371,288

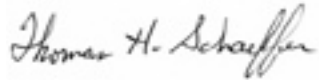
Year Ending June 30, 2008 \*\*Bracketed amounts refer to market values as of June 30, 2007



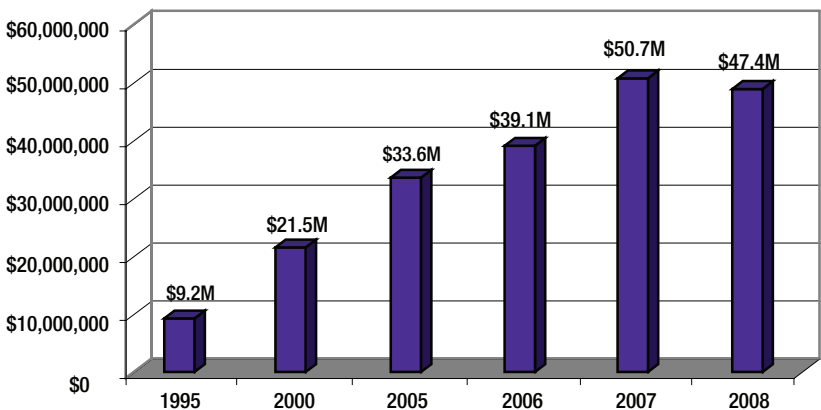
The economic slowdown and extended bear market has taken back most of the market value added in 2007. For the twelve months ended June 30, 2008, the consolidated investment portfolio posted a negative 12.34 percent return, which trailed the performance benchmark – negative 9.22 percent. The portfolio’s five-year average return amounted to 7.98 percent, net of fees. By the end of June 2008, the portfolio’s market value decreased approximately \$5 million to \$56 million. Endowment assets constituted \$47 million of the portfolio.

The foundation manages endowed funds with the objective of protecting the purchasing power for the long term and of ensuring that programs designated for support will receive predictable and stable funding. Endowed funds released for expenditure in 2008 amounted to \$2 million. With the support of unrestricted gifts and using a three-year endowment market-value average, the amount released for fiscal year 2009 increased to \$2.4 million. I anticipate funding for 2010 will fall back, due to the extended bear market and the progressive use of unrestricted reserves. Going forward, we plan to stay the course with our long-term investment strategy and to work with our investment advisers of Northern Trust Company of Connecticut to rebalance the portfolio into areas having acceptable risk/return analysis.

Gifts from alumni and friends help to make a difference toward student success, faculty development and the Madison Experience. On behalf of the university, I extend heartfelt appreciation for your contributions in support of James Madison University.



Thomas H. Schaeffer  
Executive Vice President and Chief Financial Officer,  
James Madison University Foundation Inc.



**Endowments at Market Value**  
Year Ending June 30, 2008

# James Madison University Foundation

## Consolidated Balance Sheets

	June 30, 2008	June 30, 2007
Cash and Checking	\$ 1,564,770	\$ 903,594
Contributions Receivable	10,148,554	6,874,048
Investments at FMV	65,545,419	63,474,757
Property and Equipment, Net	615,605	10,934,804
Collection of Historical Artifacts	100,591	100,591
Other Assets	83,515	76,145
<b>Total Assets</b>	<b>\$ 78,058,454</b>	<b>\$ 82,363,939</b>
Accounts Payable and Accrued Expenses	\$ 177,756	\$ 197,663
Deferred Revenue	–	735,000
Note Payable	–	6,765,000
Long-Term Debt	531,544	598,236
Annuity and Compensation Obligations	983,823	950,110
<b>Total Liabilities</b>	<b>\$ 1,693,123</b>	<b>\$ 9,246,009</b>
Unrestricted	\$ 8,358,750	\$ 9,815,612
Temporarily Restricted	29,105,474	27,803,224
Permanently Restricted	38,901,107	35,499,094
<b>Total Net Assets</b>	<b>\$ 76,365,331</b>	<b>\$ 73,117,930</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 78,058,454</b>	<b>\$ 82,363,939</b>

## Consolidated Statements of Activities

	June 30, 2008	June 30, 2007
Contributions	\$ 15,230,697	\$ 11,564,654
Investment Revenue (Loss)	(7,647,864)	8,079,843
In-Kind Support from JMU	2,265,037	2,162,752
Other Revenue	965,912	495,552
<b>Total Revenue and Support</b>	<b>\$ 10,813,782</b>	<b>\$ 22,302,801</b>
Educational and General Programs	\$ 4,071,691	\$ 4,529,025
Auxiliary and Support Programs	828,403	713,078
Management and Administrative	354,885	348,851
Fundraising	2,311,402	2,214,969
<b>Total Expenses</b>	<b>\$ 7,566,381</b>	<b>\$ 7,805,923</b>
<b>Change in Net Assets</b>	<b>\$ 3,247,401</b>	<b>\$ 14,496,878</b>
<b>Net Assets, Beginning</b>	<b>\$ 73,117,930</b>	<b>\$ 58,621,052</b>
<b>Net Assets, June 30</b>	<b>\$ 76,365,331</b>	<b>\$ 73,117,930</b>



# James Madison University Foundation

## Resource Utilization

	Unrestricted	Restricted	Athletics	Total 2008	Total 2007
Instruction	\$ 23,197	\$ 793,840	\$ –	\$ 817,037	\$ 486,263
Research	10,047	4,390	–	14,437	9,817
Public Service	10,048	78,498	–	88,546	48,310
Academic Support	25,232	333,588	–	358,820	410,667
Student Support	20,220	44,119	–	64,339	70,563
Institutional Support	539,808	42,730	–	582,538	329,129
Plant Operation, Maintenance	375,100	3,279	–	378,379	1,487,760
Scholarships and Fellowships	318,481	1,002,189	446,925	1,767,595	1,686,516
JMU Support Groups	15,664	–	–	15,664	12,364
Intercollegiate Athletics	42,214	–	770,525	812,739	700,714
Foundation Management	354,885	–	–	354,885	348,851
Fundraising	2,302,436	8,244	722	2,311,402	2,214,969
<b>Total Expenses</b>	<b>\$ 4,037,332</b>	<b>\$ 2,310,877</b>	<b>\$ 1,218,172</b>	<b>\$ 7,566,381</b>	<b>\$ 7,805,923</b>

## Expenditures by Area

	Scholarships	Program Support	Total
Arts and Letters	\$ 37,893	\$ 88,810	\$ 126,703
Business	113,054	251,201	364,255
Education	98,250	124,463	222,713
Integrated Science and Technology	156,600	144,387	300,987
Science and Mathematics	94,163	52,426	146,589
Visual and Performing Arts	80,100	297,438	377,538
Academic Affairs	45,818	81,009	126,827
Student Affairs	2,983	38,374	41,357
Intercollegiate Athletics	446,925	746,374	1,193,299
Facilities Operations	–	378,379	378,379
Advancement and Development	20,800	2,313,978	2,334,778
Foundation Grants and Support	671,009	1,281,947	1,952,956
<b>Total Expenses</b>	<b>\$ 1,767,595</b>	<b>\$ 5,798,786</b>	<b>\$ 7,566,381</b>

As the steward of private gifts to James Madison University, the James Madison University Foundation Inc. and the James Madison University Real Estate Foundation, Inc. are nonprofit corporations established to benefit the university. The two foundations are the only entities designated by the JMU Board of Visitors to receive and manage contributions on behalf of any part of the university. The foundations are “public charities” by IRS designation under IRS Codes section 509(a). The foundation offices are located at 1320 South Main Street, MSC 8501, Harrisonburg, VA, 22807. A Form 990 is filed annually with the IRS for both foundations.



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## **James Madison University Office of Development**

**Leeolou Alumni Center, MSC 4401**

**There are many** ways to make a difference at JMU. The Office of Development is here to help you make that difference. Please contact one of the following development officers to discuss making your gift.

**Joanne Carr, Ph.D., Senior Vice President for University Advancement**

**(540) 568-3197, carrjx@jmu.edu**

**Weston Hatfield, Associate Vice President**

**(540) 568-1634, hatfieww@jmu.edu**

### **Charitable Gift Planning**

Ted J. Sudol, Director

**(540) 568-1776, sudoltj@jmu.edu**

### **Major Corporate and Foundation Gifts**

Jeffrey J. Gilligan, Senior Director

**(540) 568-6278, gilligjj@jmu.edu**

Elizabeth Pharr, Director of Development for the College of Business

**(540) 568-3228, pharrge@jmu.edu**

Bill McAnulty ('81, '87M), Director of Development for Science, Technology, Engineering and Mathematics and Health and Human Services

**(540) 568-2570, mcanulww@jmu.edu**

Tassie Pippert, Director of Development for the College of Visual and Performing Arts

**(540) 568-3195, pippertl@jmu.edu**

Karen Ahrens Wheatley ('80),

Director of Development for College and University Programs

**(540) 568-6605, gunthaka@jmu.edu**

Kevin Weaver, Director of Development for College and University Programs

**(540) 568-2644, weaverkk@jmu.edu**

### **The Madison Fund**

Sheila Williams Smith, Director

**(540) 568-3564, willi2ss@jmu.edu**

Kathy Sarver ('03), Associate Director

**(540) 568-3440, sarverkb@jmu.edu**

Paula Polglase, Assistant Director

**(540) 569-8947, polglaph@jmu.edu**

Kelly Snow, Assistant Director

**(540) 568-8814, snowka@jmu.edu**

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Jillian Young, Assistant Director  
(540) 568-8840, youngjk@jmu.edu  
P.J.Kania ('06, '08M), Telefund Coordinator  
(540) 568-8902, kaniapj@jmu.edu

### **Duke Club and Athletics Development**

Jeff H. Hill, Director of the Duke Club  
(540) 568-6461, hilljh@jmu.edu  
Brandon Stevens, Associate Director of the Duke Club  
(540) 568-2961, stevenbs@jmu.edu  
Mary Hoffman, Assistant Director of the Duke Club  
(540) 568-6082, hoffm2ml@jmu.edu  
J. Batt, Director of Major Gifts  
(540) 568-3271, battjm@jmu.edu  
David Biancamano, Assistant Director of Major Gifts  
(540) 568-5818, biancadj@jmu.edu

## **Making a Gift to JMU**

**Gifts to the JMU Foundation** can be made in several ways. The JMU development office can answer your questions regarding ways to make your gift to the university. Please contact the development staff at (800) 296-6162 for information or to schedule a personal, confidential consultation.

**Outright Gifts** include checks and pledges of future funds. If the donor's employer matches charitable contributions, the gift's impact can be increased.

**Shares of Stock** in publicly traded companies or mutual funds and, in some circumstances, stock in closely held private companies can be given. These gifts may provide donors with tax advantages.

**Planned Gifts** include bequests from a last will and testament, charitable remainder, lead trusts and other arrangements. These gifts may offer the donor significant tax and estate planning advantages.

**Life Insurance Policies** that name the JMU Foundation as the owner and beneficiary can offer a simple and cost-effective way to benefit the university. Donor payments of the policy's premiums may also result in a tax-deductible gift.

**Retirement Plans** can name the JMU Foundation as the beneficiary and may assist the donor with tax and estate planning.

**Gifts of Personal Property** such as art, books, jewelry, professional equipment and other items may be made to the JMU Foundation.

**Gifts of Real Property** may be given to the JMU Foundation as an outright gift or as part of a planned gift to the university.



1320 South Main Street  
MSC 8501  
Harrisonburg, VA 22807

